

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021**

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 2021, together with the comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		2021	2020
	Notes	RMB'000	RMB'000
Revenue	3	992,756	1,478,209
Cost of sales		<u>(412,358)</u>	<u>(556,961)</u>
Gross profit		580,398	921,248
Other gains, net	4	34,708	18,202
Administrative expenses		(263,628)	(297,030)
Losses on disposals of subsidiaries, net	18	(484,570)	(182,220)
Impairment losses on a disposal group classified as held for sale	14	(79,787)	(160,650)
Impairment losses on solar power plants under construction	11	—	(84,445)
Impairment losses on trade and other receivables, net	13	(150,588)	(78,429)
Finance costs	7	(498,295)	(735,344)
Impairment loss on goodwill		(746)	—
Share of loss of associates		(56,796)	(1,707)
Loss on deemed disposal of associates		<u>(151)</u>	—
Loss before income tax	5	(919,455)	(600,375)
Income tax expense	8	<u>(15,884)</u>	<u>(25,359)</u>
Loss for the year		<u>(935,339)</u>	<u>(625,734)</u>
(Loss)/Profit for the year attributable to:			
Owners of the Company		(936,973)	(626,818)
Non-controlling interests	42	<u>1,634</u>	<u>1,084</u>
		<u>(935,339)</u>	<u>(625,734)</u>
Loss per share for the year attributable to owners of the Company	9		
— Basic (RMB cents)		<u>(6.26)</u>	<u>(4.19)</u>
— Diluted (RMB cents)		<u>(6.26)</u>	<u>(4.19)</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(935,339)	(625,734)
Other comprehensive income, net of tax		
<i>Items that will not be reclassified to profit or loss:</i>		
— Fair value changes in financial assets measured at fair value through other comprehensive income	(13,820)	(184,365)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of foreign operations	<u>6,895</u>	<u>16,334</u>
Other comprehensive income for the year, net of tax	<u>(6,925)</u>	<u>(168,031)</u>
Total comprehensive income for the year	<u>(942,264)</u>	<u>(793,765)</u>
Total comprehensive income attributable to:		
Owners of the Company	(943,898)	(794,849)
Non-controlling interests	<u>1,634</u>	<u>1,084</u>
	<u>(942,264)</u>	<u>(793,765)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		23,985	28,199
Solar power plants	<i>11</i>	2,851,655	5,358,404
Interests in associates		172,237	227,984
Goodwill		547	29,622
Right-of-use assets		191,566	274,361
Financial assets measured at fair value through other comprehensive income	<i>12</i>	1,186,361	1,275,156
Deferred tax assets		8,121	3,695
		4,434,472	7,197,421
Current assets			
Financial assets measured at fair value through profit or loss		–	16,921
Inventories		939	3,598
Trade, bills and other receivables	<i>13</i>	2,626,491	3,561,766
Structured bank deposits		–	4,230
Cash and cash equivalents		699,574	168,947
		3,327,004	3,755,462
Assets of disposal groups classified as held for sale	<i>14</i>	473,394	3,350,435
Total current assets		3,800,398	7,105,897

	<i>Notes</i>	2021 <i>RMB '000</i>	2020 <i>RMB '000</i>
Current liabilities			
Trade and other payables	<i>15</i>	506,230	1,060,610
Lease liabilities		19,988	23,142
Loans and borrowings	<i>16</i>	1,812,740	2,576,645
Corporate bonds		69,117	229,601
Tax payables		6,979	6,325
		<u>2,415,054</u>	<u>3,896,323</u>
Liabilities of disposal groups classified as held for sale	<i>14</i>	<u>145,974</u>	<u>1,792,136</u>
Total current liabilities		<u>2,561,028</u>	<u>5,688,459</u>
Net current assets		<u>1,239,370</u>	<u>1,417,438</u>
Total assets less current liabilities		<u>5,673,842</u>	<u>8,614,859</u>
Non-current liabilities			
Lease liabilities		125,250	159,086
Loans and borrowings	<i>16</i>	1,774,987	3,708,933
Corporate bonds		12,087	44,032
		<u>1,912,324</u>	<u>3,912,051</u>
NET ASSETS		<u>3,761,518</u>	<u>4,702,808</u>
CAPITAL AND RESERVES			
Share capital	<i>17</i>	6,486,588	6,486,588
Reserves		(2,808,561)	(1,865,637)
Equity attributable to the owners of the Company		<u>3,678,027</u>	<u>4,620,951</u>
Non-controlling interests		83,491	81,857
TOTAL EQUITY		<u>3,761,518</u>	<u>4,702,808</u>

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 2021 and 2020 included in this preliminary announcement of the 2021 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 2020 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 2021 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 2021, 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.

The Group incurred a net loss of approximately RMB935,339,000 (2020: RMB625,734,000) during the year ended 31 December 2021. In addition, the Group had tariff adjustment receivables from the state-grid companies amounting to RMB1,268,357,000 as at 31 December 2021 (note 13(i)) for which the settlement 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, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In light of these circumstances, the management of Group prepared a cash flow forecast covering a period of fifteen months from end of the reporting period for assessing the appropriateness of the use of the going concern basis in preparation the consolidated financial statements. In preparing the forecast, careful considerations are given to the past performance and liquidity of the Group. In addition, the Group has entered into several disposal transactions of subsidiaries (as detailed in the Company’s announcement date 25 March 2022) that, based on the past experience in similar disposal transactions, are expected to improve the liquidity of the Group by disposing of the tariff adjustment receivables and any related loans and borrowings through these transactions.

Assuming the above plans and measures are successfully implemented, the Directors believed that the Group would be able to continue as a going concern and have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 2021

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
--	--

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

The following new or amended HKFRSs, potentially relevant to the Group’s consolidated 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.

Annual Improvements to HKFRSs 2018–2020	Annual improvement project ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts ²

- ¹ Effective for annual periods beginning on or after 1 January 2022.
- ² Effective for annual periods beginning on or after 1 January 2023.
- ³ The amendments should be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.
- ⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The directors of the Company anticipate that the application of these new or amended HKFRSs will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of electricity	895,825	1,375,490
Provision of solar power plant operation and maintenance services	65,463	21,038
Interest income from provision of financial services	30,014	37,304
Trading of liquefied natural gas	1,454	44,377
	<hr/>	<hr/>
Consolidated revenue	992,756	1,478,209
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 December 2021, sales of electricity includes renewable energy subsidies from the state-grid companies in various provinces amounted to approximately RMB604,135,000 (2020: RMB910,734,000), of which RMB586,765,000 (2020: RMB696,234,000) have been registered in the Renewable Energy Tariff Subsidy Catalogue and remaining RMB17,370,000 (2020: RMB214,500,000) are subject to the registration to the Tariff Subsidy Project List.

For the years ended 31 December 2021 and 2020, the major customers contributed over 10% of the total revenue of the Group are set out below:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A in solar power plants segment	230,683	487,154
Customer B in solar power plants segment	137,852	194,663
Customer C in solar power plants segment	114,827	144,890
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2021, trade receivables from contracts with customers amounted to RMB1,543,399,000 (2020: RMB2,171,369,000).

4. OTHER GAINS, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income	1,373	986
Dividend income from financial assets measured at fair value through profit or loss	–	1,940
Dividend income from financial assets measured at fair value through other comprehensive income	–	8,712
Net realised losses on disposals of financial assets measured at fair value through profit or loss	(12,050)	(2,602)
Net unrealised gains/(losses) on fair values changes on financial assets measured at fair value through profit or loss	12,334	(3,883)
Write off of property, plant and equipment	(198)	(19)
Write off of solar power plant	(638)	–
Write-back of other payables	43,327	–
Government grants (<i>note</i>)	3,488	2,876
Service fee income	–	796
Rental income	12,910	5,925
Gain on lease modification	–	2,834
Solar power plant rectification expenses	(26,872)	–
Others	1,034	637
	<u>34,708</u>	<u>18,202</u>

Note: These consist of subsidies given by the PRC government to certain subsidiaries of the Group in the PRC for their 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 BEFORE INCOME TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor's remuneration		
— Audit services	2,250	3,113
— Non-audit services	1,661	1,073
Amortisation of right-of-use-assets (included in cost of sales and administrative expenses)	28,803	37,194
Cost of inventories	675	43,998
Depreciation		
— Property, plant and equipment (included in cost of sales and administrative)	6,501	9,195
— Solar power plants (<i>note 11</i>) (included in cost of sales)	268,051	386,354
Short-term leases expenses	2,030	6,001
	<u>278,940</u>	<u>807,828</u>

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	106,074	118,493
Contributions to defined contribution retirement plan	24,620	15,325
Equity-settled share-based payment expenses	974	4,864
	<u>131,668</u>	<u>138,682</u>

7. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on loans and borrowings	464,189	690,688
Imputed interest on corporate bonds	18,974	29,704
Interest on lease liabilities	15,132	14,952
	<u>498,295</u>	<u>735,344</u>

8. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
— PRC Corporate Income Tax	20,310	24,804
Deferred tax assets	(4,426)	555
	<u>15,884</u>	<u>25,359</u>

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 2021 and 2020.

The Group's PRC entities are subject to corporate income tax at the statutory rate of 25% (2020: 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 were 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 PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

(a) Basic loss per share

The calculation of basic loss (2020: loss) per share for the year ended 31 December 2021 is based on loss attributable to owners of the Company for the year of approximately RMB936,973,000 (2020: loss of RMB626,818,000) and approximately 14,964,442,000 (2020: 14,964,442,000) ordinary shares in issue during the years ended 31 December 2021 and 2020.

(b) Diluted loss per share

The calculation of diluted loss (2020: loss) per share for the year ended 31 December 2021 is based on loss attributable to owners of the Company for the year of approximately RMB936,973,000 (2020: RMB626,818,000) and on the weighted average number of approximately 14,964,442,000 (2020: 14,964,442,000) ordinary shares in issue during the year, after the effects of all dilutive potential ordinary shares, calculated as follows:

Diluted loss (2020: loss) per share for the year ended 31 December 2021 was the same as basic loss (2020: loss) 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 ended 31 December 2021 nor has any dividend been proposed since the end of reporting period (2020: Nil).

11. SOLAR POWER PLANTS

	Solar power plants <i>RMB '000</i>	Solar power plants under construction <i>RMB '000</i>	Total <i>RMB '000</i>
Cost			
At 1 January 2020	9,633,089	121,270	9,754,359
Additions	16,221	9,928	26,149
Reclassifications upon completion	22,852	(22,852)	–
Disposal of subsidiaries	(854,737)	–	(854,737)
Transferred to disposal group classified as held for sale (<i>note 14(b)</i>) [#]	(2,616,075)	–	(2,616,075)
Impairment on solar power plants under construction	–	(84,445)	(84,445)
Write-off	(12,267)	(11,992)	(24,259)
	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	6,189,083	11,909	6,200,992
Additions	8,817	2,560	11,377
Disposal of subsidiaries [#]	(2,374,928)	–	(2,374,928)
Transferred to disposal group classified as held for sale (<i>note 14(a)</i>)	(404,407)	(3,489)	(407,896)
Disposals	(12,699)	(4,076)	(16,775)
Write-off	(14,097)	–	(14,097)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	3,391,769	6,904	3,398,673
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 January 2020	1,006,874	–	1,006,874
Charged for the year (<i>note 5</i>)	386,354	–	386,354
Disposal of subsidiaries	(183,448)	–	(183,448)
Transferred to disposal group classified as held for sale (<i>note 14(b)</i>) [#]	(367,192)	–	(367,192)
	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	842,588	–	842,588
Charged for the year (<i>note 5</i>)	268,051	–	268,051
Disposal of subsidiaries [#]	(501,680)	–	(501,680)
Transferred to disposal group classified as held for sale (<i>note 14(a)</i>)	(61,614)	–	(61,614)
Disposals	(327)	–	(327)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	547,018	–	547,018
	<hr/>	<hr/>	<hr/>
Net carrying amount			
At 31 December 2020	<u>5,346,495</u>	<u>11,909</u>	<u>5,358,404</u>
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>2,844,751</u>	<u>6,904</u>	<u>2,851,655</u>
	<hr/>	<hr/>	<hr/>

During the year ended 31 December 2021, following the completion of the disposal, certain solar power plants previously classified under disposal group with the carrying amounts of approximately RMB2,248,883,000 (note 14(b)), together with the solar power plants disposed of during the year with the carrying amounts of approximately RMB1,873,248,000, amounting to a total of approximately RMB4,122,131,000, were derecognised to calculate the loss on disposal of subsidiaries for the year (note 18(a)).

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

Management performed impairment test on certain completed solar power plants by using their respective value-in-use calculation, which are derived from the discounted cash flow method. The discounted cash flow method uses the financial budgets approved by management covering a 5-year period and are extrapolated up to the estimated useful lives of respective completed solar power plant (ranging from 18 to 22 years) with the discount rates of 9.37% to 11.10% (2020: 10.41% to 11.85%), which are pre-tax and reflect specific risks relating to the solar power plants. The management determined the estimated useful lives of the completed solar power plants with reference to their feasibility studies. Key inputs to the value-in-use calculations include electricity generating capacity, feed-in-tariff, insolation hours, budget gross margin and operating expenses. As a result of the impairment test, no impairment loss on solar power plants was recognised for the years ended 31 December 2021 and 2020.

For the year ended 31 December 2021, no impairment losses was recognised (2020: impairment loss of RMB84,445,000 on a solar power plant under construction was recognised as the approval from the relevant government authority was not granted eventually, resulting in the demolition of such solar power plants). No penalties during the year (2020: RMB4,354,000).

As at 31 December 2021, certain solar power plants with carrying amount of approximately RMB518,980,000 (2020: RMB1,514,427,000) 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 2021, certain solar plants with carrying amount of approximately RMB2,054,066,000 (2020: RMB3,324,494,000) were pledged as securities for the Group's loans and borrowings (note 16).

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Financial assets measured at fair value through other comprehensive income		
Unlisted partnership investments (<i>note (a)</i>)	704,964	779,952
Unlisted equity investments (<i>note (b)</i>)	481,397	495,204
	<u>1,186,361</u>	<u>1,275,156</u>

Notes:

(a) As at 31 December 2021 and 2020, 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 maximum total capital contribution of Suzhou Junsheng Limited Partnership can be up to RMB1,000,100,000, in which the Group's capital contribution is approximately 49.995% (equivalent to approximately RMB500,000,000).

Pursuant to the Suzhou Junsheng Partnership Agreement, the Suzhou Junsheng Limited Partnership makes 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. The 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, through appointing a representative to the investment decision committee comprising five members, procures that the Suzhou Junsheng Limited Partnership carefully selects investment targets and properly manages invested assets.

However, the investment decision committee has to further obtain the final consent of the investment consultation committee before resolving to decide for or against investment in a project, disposal of the partnership's assets or interests, changes to investment interests which affect the partnership, withdrawal from an investment, as well as relevant matters that the investment consultation committee believes may affect the interests of the partnership. The investment consultation committee comprises of two representatives solely appointed by other partner of Suzhou Junsheng Limited Partnership.

Notwithstanding the Group has the equity interest of 49.99% and a representative in the investment decision committee, the Directors are of the opinion that the ultimate governing body of decision making about the relevant activities of Suzhou Junsheng Limited Partnership retains in investment consultation committee in which the Group has no representative. Given that the Group has no power to control or to exercise significant influence over the financial and operating policies of Suzhou Junsheng Limited Partnership so as to obtain benefits from its activities and does not intend to trade for short-term profit, the Directors designated the above unlisted investment as financial assets at fair value through other comprehensive income.

Movement in investment in Suzhou Junsheng Limited Partnership during the years ended 31 December 2021 and 2020 is as follow:

	Total contribution	Fair value
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2020 (<i>note 1 and 2</i>)	492,500	492,500
Reduction in contribution due to disposals of subsidiaries (<i>note 1</i>)	<u>(270,000)</u>	
As at 31 December 2020 and 31 December 2021	<u><u>222,500</u></u>	<u><u>222,500</u></u>

Note 1:

According to the first investment and repurchase agreement (the “**First Investment and Repurchase Agreement**”) dated 21 August 2018 entered into between the Group and Suzhou Junsheng Limited Partnership, Suzhou Junsheng Limited Partnership contributed a capital of RMB280,000,000, RMB260,000,000 and RMB260,000,000 to 阿圖什市華光能源有限公司 (Artux Huaguang Energy Limited*) (“**Huaguang**”), 阿圖什市興光能源有限公司 (Artux Xingguang Energy Limited*) (“**Xingguang**”) and 黃驊市正陽新能源有限公司 (Huanghua Zhengyang New Energy Limited*) (“**Huanghua Zhengyang**”) and holds approximately 98.25%, 99.62% and 96.60% equity interests of Huaguang, Xingguang and Huanghua Zhengyang, respectively, upon completion of the capital contribution while the Group retains the power to control the financial and operating policies of Huaguang, Xingguang and Huanghua Zhengyang so as to direct their relevant activities and to obtain significant economic benefits from their activities.

Pursuant to the First Investment and Repurchase Agreement, after repayment by the Group to the Suzhou Junsheng Limited Partnership of the pre-agreed price, comprising (i) the cost of equity in the amount of RMB800,000,000 to be paid at the end of the term of Suzhou Junsheng Limited Partnership (i.e. 5 years from 2018 to 2023); and (ii) premium on equity to be paid in quarterly instalments throughout the term of Suzhou Junsheng Limited Partnership (i.e. 5 years from 2018 to 2023). For the year ended 31 December 2021, the premium on equity paid/payable, in substance a finance cost, amounting to RMB9,100,000 (2020: RMB22,574,000) was recognised under “finance cost” in the consolidated statement of profit or loss and, as at 31 December 2021, the accumulated premium on equity paid/payable to Suzhou Junsheng Limited Partnership amounted to RMB48,039,000 (2020: RMB38,939,000).

In view of the Group’s power to control the financial and operating policies of Huaguang, Xingguang and Huanghua Zhengyang so as to direct their relevant activities and to obtain significant economic benefits from their activities, the Directors are of the opinion that the arrangement under the First Investment and Repurchase Agreements is in substance a financing arrangement of RMB800,000,000 in total (included under “Loans and other borrowings” (note 16) with the pledge of the 98.25%, 99.62% and 96.60% equity interests of Huaguang, Xingguang and Huanghua Zhengyang, respectively, and therefore Huaguang, Xingguang and Huanghua Zhengyang are continuously treated as the wholly-owned subsidiaries of the Company.

During the year ended 31 December 2020, given Huaguang and Xingguang were disposed of as disclosed in note 18(b), the Group had to early repay the pre-agreed consideration to Suzhou Junsheng Limited Partnership in respect of Huaguang and Xingguang amounting to RMB280,000,000 and RMB260,000,000, respectively, in order to release the pledge of their respective equity interest of 98.25% and 99.62%. The Group received return of capital amounting to RMB270,000,000 due to disposal of Huaguang and Xingguang. As at 31 December 2021 and 2020, the Group still has the borrowings of RMB260,000,000 pledged by 96.60% equity interests of Huanghua Zhengyang.

Note 2:

On 29 January 2019, the Group entered into the second investment and repurchase agreement (the “**Second Investment and Repurchase Agreement**”) with the Suzhou Junsheng Limited Partnership, pursuant to which, the 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 is primarily engaged in electricity power generation and development, and holds approximately 99.46% equity interests of Shuozhou Yongyang upon completion of the capital contribution while the Group retains the power to control the financial and operating policies of Shuozhou Yongyang so as to direct its relevant activities and to obtain significant economic benefits from its activities.

Pursuant to the Second Investment and Repurchase Agreement, after repayment by the Group to Suzhou Junsheng Limited Partnership of the pre-agreed price, comprising (i) the cost of equity in the amount of RMB185,000,000 to be paid at the end of the term of Suzhou Junsheng Limited Partnership (i.e. 5 years from 2019 to 20 March 2023); and (ii) premium on equity to be paid in quarterly instalments throughout the term of Suzhou Junsheng Limited Partnership (i.e. 5 years from 2019 to 2023), Suzhou Junsheng Limited Partnership will transfer back to the Group the 99.46% equity interests of Shuozhou Yongyang. For the year ended 31 December 2021, the premium on equity paid/payable, in substance a finance cost, amounting to RMB6,475,000 (2020: RMB6,492,000) was recognised under “finance cost” in the consolidated statement of profit or loss and, as at 31 December 2021, the accumulated premium on equity paid/payable to Suzhou Junsheng Limited Partnership amounted to RMB18,705,000 (2020: RMB12,230,000).

In view of the Group's power to control the financial and operating policies of Shuozhou Yongyang so as to direct its relevant activities and to obtain significant economic benefits from its activities, the Directors are of the opinion that the arrangement under the Second Investment and Repurchase Agreement is in substance a financing arrangement of RMB185,000,000 (included under "Loans and other borrowings" (note 16) with the pledge of the 99.46% equity interests of Shuozhou Yongyang and therefore Shuozhou Yongyang is continuously treated as a wholly-owned subsidiary of the Company.

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

- (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 maximum total capital contribution of the Taizhou Jiuan Limited Partnership can be up to RMB2,501,000,000, in which the Group's capital contribution is approximately 19.99% (equivalent to approximately RMB500,000,000).

Pursuant to the Taizhou Jiuan Partnership Agreement, the Taizhou Jiuan Limited Partnership makes 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 debts or provide external guarantees, and cannot engage in high-risk investments such as gold, artwork, real estate project, futures and financial derivatives. The 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 appointing a representative to the investment decision committee comprising five members, procures that the Taizhou Jiuan Limited Partnership carefully selects investment targets and properly manages invested assets.

However, the investment decision committee has to further obtain the final consent of the investment consultation committee before resolving to decide for or against investment in a project, disposal of the partnership's assets or interests, changes to investment interests which affect the partnership, withdrawal from an investment, as well as relevant matters that the investment consultation committee believes may affect the interests of the partnership. The investment consultation committee comprises of two representatives solely appointed by other partner of Taizhou Jiuan Limited Partnership.

Notwithstanding the Group has the right to appoint a representative in the investment decision committee, the Directors are of the opinion that the ultimate governing body of decision making about the relevant activities of Taizhou Jiuan Limited Partnership retains in investment consultation committee in which the Group has no representative. Given that the Group has no power to control or to exercise significant influence over the financial and operating policies of Taizhou Jiuan Limited Partnership so as to obtain benefits from its activities and does not intend to trade for short-term profit, the Directors designated the above unlisted investment as financial assets at fair value through other comprehensive income.

Movement in investment in Taizhou Jiuan for the years ended 31 December 2021 and 2020 is as follow:

	Total contribution	Fair value
	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2020 and 2021 (<i>note</i>)	300,000	300,000

According to the cooperation agreement (“**Cooperation Agreement**”) entered into between the Group and Taizhou Jiuan Limited Partnership, Taizhou Jiuan Limited Partnership contributed a capital of RMB1,501,000,000 to 常熟宏略光伏电站開發有限公司 (Changshu Honglue Photovoltaic Power Plants Development Co., Ltd.*) (“**Changshu Honglue**”) and then holds 99.96% of Changshu Honglue upon completion of the capital contribution while the Group retains the power to control the financial and operating policies of Changshu Honglue so as to direct its relevant activities and to obtain significant economic benefits from its activities. Changshu Honglue holds six solar power plants project companies, namely 臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Co., Ltd.*) (“**Lintan Tianlang**”), 六安旭强新能源工程有限公司 (Liuan Xuqiang New Energy Engineering Co., Ltd.*) (“**Liuan Xuqiang**”), 嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Co. Ltd.*) (“**Jiayuguan Xiehe**”), 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.*) (“**Dingbian Jingyang**”), 定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited*) (“**Dingbian County Zhixinda**”) and 化隆縣瑞啟達新能源有限公司 (Hualong County Ruiqida New Energy Limited*) (“**Hualong County Ruiqida**”), which respectively own solar power plants of 20 MW in Lintan County, Gansu Province, 40 MW in Liuan County, Anhui Province, 50 MW in Jiayuguan City, Gansu Province, 30 MW in Dingbian County, Shaanxi Province, 50 MW in Dingbian County, Shaanxi Province and 20 MW in Hualong County, Qinghai Province, of the PRC.

Pursuant to the Cooperation Agreement, after repayment by the Group to Taizhou Jiuan Limited Partnership of the pre-agreed price, comprising (i) the cost of equity in the amount of RMB1,501,000,000 to be paid at the end of the term of Taizhou Jiuan Limited Partnership (i.e. 5 years from 2018 to 2022); and (ii) premium on equity to be paid in quarterly instalments throughout the term of Taizhou Jiuan Limited Partnership (i.e. 5 years from 2018 to 2022), Taizhou Jiuan Limited Partnership will transfer back to the Group the 99.96% equity interest of Changshu Honglue. For the year ended 31 December 2021, the premium on equity paid/payable, in substance a finance cost, amounting to RMB78,115,000 (2020: RMB84,000,000) was recognised under “finance cost” in the consolidated statement of profit or loss and, as at 31 December 2021, the accumulated premium on equity paid/payable to Taizhou Jiuan Limited Partnership amounted to RMB327,430,000 (2020: RMB249,315,000).

In view of the Group’s power to control the financial and operating policies of Changshu Honglue so as to direct the relevant activities of Changshu Honglue and to obtain significant economic benefits from its activities, the Directors are of the opinion that the arrangement under the Cooperation Agreement is in substance a financing arrangement of RMB1,501,000,000 (included under “Loans and other borrowings” (note 16) with the pledge of the 99.96% equity interests of Changshu Honglue and therefore Changshu Honglue is continuously treated as a wholly-owned subsidiary of the Company.

During the year ended 31 December 2021, given Lintan Tianlang and Jiayuguan Xiehe were disposed of as disclosed in note 18(a), the Group had to early repay the pre-agreed consideration to Taizhou Jiuan Limited Partnership in respect of Lintan Tianlang and Jiayuguan Xiehe total amounting to approximately RMB341,161,000, in order to release the pledge of their respective equity interest of 99.96%.

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 the Huoerguosi Partnership Agreement, the maximum total capital contribution of the Huoerguosi Limited Partnership can be up to RMB200,000,000, in which the Group's capital contribution is approximately 89.55% (equivalent to approximately RMB179,100,000).

Notwithstanding the Group has the equity interest of 89.55%, pursuant to Huoerguosi Partnership Agreement, the investment manager has the exclusive right to make all decisions on the financial and operating policies. In addition, the limited partners can only remove the investment manager on the occurrence of an event of cause such as breach of contract, fraud, felony or gross negligence and therefore the kick-out right is not considered to have any substance. Based on the foregoing, the Directors are of opinion that the Group has no power to govern or participate in the financial and operating policies of Huoerguosi Limited Partnership so as to obtain benefits from its activities and does not intend to trade for short-term profit, the Directors designated the above unlisted investment as financial assets at fair value through other comprehensive income.

Movement in investment in Huoerguosi Limited Partnership for the years ended 31 December 2021 and 2020 are as follow:

	Total contribution <i>RMB'000</i>	Fair value <i>RMB'000</i>
As at 1 January 2020	98,777	3,141
Capital injection	430	430
Fair value loss recognised in other comprehensive income	—	(1,119)
As at 31 December 2020 and 1 January 2021	99,207	2,452
Capital injection	25	25
Fair value loss recognised in other comprehensive income	—	(13)
As at 31 December 2021	<u>99,232</u>	<u>2,464</u>

- (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 Partnership 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 Partnership Agreement, the maximum total capital contribution of the Jiaxing Shengshi Limited Partnership can be up to 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 Partnership Agreement, pursuant to which the Partners agreed to reduce the size of the maximum 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).

Given that the Group has no power to govern or participate in the financial and operating policies of Jiaxing Shengshi Limited Partnership so as to obtain benefits from its activities and does not intend to trade for short-term profit, the Directors designated the above unlisted investment as financial assets at fair value through other comprehensive income.

Movement in investment in Jiaxing Shengshi Limited Partnership for the years ended 31 December 2021 and 2020 are as follow:

	Total contribution	Fair value
	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 January 2020		
— Cooperation Agreements #1 (note 1)	75,000	
— Cooperation Agreement #2 (note 2)	180,000	
	<u>180,000</u>	
As at 31 December 2020 and 1 January 2021	255,000	255,000
Reduction in contribution due to disposal of a subsidiary (note 1)	(75,000)	
	<u>180,000</u>	<u>180,000</u>

Note 1:

According to cooperation agreement (“**Cooperation Agreement #1**”) entered into between the Group and Jiaxing Shengshi Limited Partnership, Jiaxing Shengshi Limited Partnership contributed a capital of RMB500,000,000 to 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited Company*) (“**Dunhuang Wanfa**”) and holds 86.207% equity interest of Dunhuang Wanfa upon completion of the capital contribution while the Group retains the power to control the financial and operating policies of Dunhuang Wanfa so as to direct its relevant activities and to obtain significant economic benefits from its activities. Dunhuang Wanfa holds a solar power plant of 60 MW in Dunhuang, Gansu Province of the PRC.

Pursuant to the Cooperation Agreement #1, after repayment by the Group to Jiaxing Shengshi Limited Partnership of the pre-agreed price, comprising (i) the cost of equity in the amount of RMB500,000,000 to be paid at the end of the term of Jiaxing Shengshi Limited Partnership (i.e. 5 years from 2017 to 2021); and (ii) premium on equity to be paid in quarterly instalments throughout the term of Jiaxing Shengshi Limited Partnership (i.e. 5 years from 2017 to 2021), Jiaxing Shengshi Limited Partnership will transfer back the 86.207% equity interest of Dunhuang Wanfa to the Group. For the year ended 31 December 2021, the premium on equity paid/payable, in substance a finance cost, amounting to RMB31,758,000 (2020: RMB38,250,000) was recognised under “finance cost” in the consolidated statement of profit or loss and, as at 31 December 2020, the accumulated premium on equity paid/payable to Jiaxing Shengshi Limited Partnership amounted to RMB196,455,000 (2020: RMB164,697,000).

In view of the Group’s power to control the financial and operating policies of Dunhuang Wanfa so as to direct the relevant activities of Dunhuang Wanfa and to obtain significant economic benefits from its activities, the Directors are of the opinion that the arrangement under the Cooperation Agreements #1 is in substance a financing arrangement of RMB500,000,000 (included under “Loans and other borrowings” (note 16(a))) with the pledge of the 86.207% equity interests of Dunhuang Wanfa and therefore Dunhuang Wanfa is continuously treated as a wholly-owned subsidiary of the Company.

During the year ended 31 December 2021, given Dunhuang Wanfa was disposed of as disclosed in note 18(a), the Group had to repay the pre-agreed consideration to Jiaxing Shengshi Limited Partnership in respect of Dunhuang Wanfa amounting to RMB500,000,000, in order to release the pledge of the equity interest of 86.207%. The Group received return of capital amounting to RMB75,000,000 due to disposal of Dunhuang Wanfa.

Note 2:

According to the cooperation agreement (“**Cooperation Agreement #2**”) entered into between the Group and Jiaxing Shengshi Limited Partnership, Jiaxing Shengshi Limited Partnership contributed a capital of RMB1,200,000,000 to 江山豐融投資有限公司 (Jiangshan Fengrong Investment Company Limited*) (“**Jiangshan Fengrong**”) and holds 99.99% equity interest of Jiangshan Fengrong upon completion of the capital contribution while the Group retains the power to control the financial and operating policies of Jiangshan Fengrong so as to direct its relevant activities and to obtain significant economic benefits from its activities. Jiangshan Fengrong holds a solar power plants project company, namely 榆林市江山永宸新能源有限公司 (Yulin City Jiangshan Yongchen New Energy Limited*) (“**Yongchen**”) which owns a solar power plant of 300 MW in Yulin City, Shaanxi Province of the PRC.

Pursuant to the Cooperation Agreement #2, after repayment by the Group to Jiaxing Shengshi Limited Partnership of the pre-agreed price, comprising (i) the cost of equity in the amount of RMB1,200,000,000 to be paid at the end of the term of Jiaxing Shengshi Limited Partnership (i.e. 5 years from 2017 to 2021); and (ii) premium on equity to be paid at the end of the term of the term of Jiaxing Shengshi Limited Partnership (i.e. 5 years from 2017 to 2021), Jiaxing Shengshi Limited Partnership will transfer back to the Group the 99.99% equity interest of Jiangshan Fengrong. For the year ended 31 December 2021, the premium on equity paid/payable, in substance a finance cost, amounting to RMB46,980,000 (2020: RMB91,800,000) was recognised under “finance cost” in the consolidated statement of profit or loss and, as at 31 December 2021, the accumulated premium on equity paid/payable to Jiaxing Shengshi Limited Partnership amounted to RMB429,019,000 (2020: RMB382,039,000).

In view of the Group's power to control the financial and operating policies of Jiangshan Fengrong so as to direct the relevant activities of Jiangshan Fengrong and to obtain significant economic benefits from its activities, the Directors are of the opinion that the arrangement under the Cooperation Agreement #2 is in substance a financing arrangement of RMB1,200,000,000 (included under "Loans and other borrowings" (note 16(a))) with the pledge of the 99.99% equity interests of Jiangshan Fengrong and therefore Jiangshan Fengrong is continuously treated as a wholly-owned subsidiary of the Company.

During the year ended 31 December 2021, given Yongchen was disposed of as disclosed in note 18(a), the Group had repaid the pre-agreed consideration to Jiaxing Shengshi Limited Partnership amounting to approximately RMB929,893,000.

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 2021 and 2020, 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 an 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 a 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 and therefore the Group did not subscribe for any shares under the Subscription C.

Total consideration of the Subscription A and Subscription B was approximately RMB191,174,000. In 2018, the Group received bonus issue of 8,875,316 shares of Hohhot Jingu Bank. Upon the receipt of bonus issue and as at 31 December 2018, the Group held an aggregate of 72,600,160 shares of Hohhot Jingu Bank, representing approximately 4.89% of the issued share capital of Hohhot Jingu Bank. As at 31 December 2020, this unlisted equity investment, at fair value, represents approximately 4.89% (2020: 4.89%) the total number of shares 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.

Unlisted equity investment in Hohhot Jingu Bank is measured at fair value. For the year ended 31 December 2021, a fair value gain of approximately RMB269,000 (2020: loss of RMB39,847,000) was recognised in other comprehensive income. The fair value of this investment in Hohhot Jingu Bank as at 31 December 2021 of approximately RMB200,032,000 (2020: RMB199,763,000) was determined with reference to the valuation report prepared by an independent professional qualified valuer.

- (ii) As at 31 December 2021, this unlisted equity investment, at fair value, represents approximately 1.03% (2020: 1.03%) and approximately 0.77% (2020: 0.77%) of the total number of domestic shares and the total number of shares (including domestic shares and H-shares) of Bank of Jinzhou Co., Ltd. (“**Jinzhou Bank**”), respectively. On 30 March 2017, a wholly-owned subsidiary of the Company entered into two share transfer agreements with two vendors, being an 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. 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.

Unlisted equity investment in Jinzhou Bank is measured at fair value. For the year ended 31 December 2021, a fair value loss of approximately RMB14,076,000 (2020: RMB143,399,000) was recognised in other comprehensive income. The fair value of this unlisted equity investment of Jinzhou Bank as at 31 December 2021 of approximately RMB281,365,000 (2020: RMB295,441,000) was determined with reference to the valuation report prepared by an independent professional qualified valuer.

As at 31 December 2021, unlisted equity investments measured at fair value with the carrying value of approximately RMB281,365,000 (2020: RMB295,441,000) were pledged as securities for the Group’s loans and borrowings (note 16).

13. TRADE, BILLS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables		
— Receivable from sale of electricity (<i>note (i)</i>)	38,822	34,644
— Tariff adjustment receivables (<i>note (i)</i>)	1,268,357	1,896,598
— Loan receivables (<i>note (ii)</i>)	229,106	208,153
— Others	32,021	67,649
	<u>1,568,306</u>	<u>2,207,044</u>
Bills receivables	—	2,564
Impairment provision for trade receivables	<u>(24,907)</u>	<u>(38,239)</u>
Trade and bills receivables, net	<u>1,543,399</u>	<u>2,171,369</u>
Other receivables, prepayments and deposits		
— Prepaid expenses	69,278	75,886
— Value-added-tax (“VAT”) receivables (<i>note (iii)</i>)	161,212	378,398
— Consideration receivables in respect of disposal of subsidiaries (<i>note (iv)</i>)	325,412	181,168
— Amounts due from disposed subsidiaries (<i>note (iv)</i>)	401,176	454,767
— Security deposits (<i>note (v)</i>)	102,163	173,267
— Amounts due from independent third parties (<i>note (vi)</i>)	306,432	259,185
	<u>1,365,673</u>	<u>1,522,671</u>
Impairment provision for other receivables	<u>(282,581)</u>	<u>(132,274)</u>
Other receivables, prepayments and deposits, net	<u>1,083,092</u>	<u>1,390,397</u>
	<u><u>2,626,491</u></u>	<u><u>3,561,766</u></u>

Ageing analysis of trade receivables (net of impairment), based on invoice dates, are as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 3 months	310,896	363,724
Over 3 months but less than 6 months	81,815	155,673
Over 6 months but less than 12 months	155,732	300,938
Over 12 months but less than 24 months	291,908	594,676
Over 24 months	703,048	753,794
	<u>1,543,399</u>	<u>2,168,805</u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	271,872	255,655
Less than 3 months past due	66,869	159,319
Over 3 months but less than 6 months past due	87,992	158,625
Over 6 months but less than 12 months past due	147,909	284,117
Over 12 months but less than 24 months past due	292,234	602,065
Over 24 months past due	676,523	709,024
	<u>1,543,399</u>	<u>2,168,805</u>

Movements in provision for impairment of trade and other receivables for the years ended 31 December 2021 and 2020 are as follows:

	Trade	Other	Total
	<i>receivables</i>	<i>receivables</i>	<i>RMB'000</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	24,618	70,675	95,293
Impairment made during the year	13,621	64,808	78,429
Write-off	–	(1,504)	(1,504)
Disposal of subsidiaries	–	(1,705)	(1,705)
	<u>38,239</u>	<u>132,274</u>	<u>170,513</u>
At 31 December 2020 and 1 January 2021	38,239	132,274	170,513
Impairment made during the year	12,992	162,907	175,899
Write-off	(1,995)	(10,618)	(12,613)
Transferred to disposal group classified as held for sale	–	(1,000)	(1,000)
Reversal of impairment loss	(24,329)	(982)	(25,311)
	<u>24,907</u>	<u>282,581</u>	<u>307,488</u>
At 31 December 2021	24,907	282,581	307,488

Notes:

- (i) Trade receivables from sales of electricity whilst bills receivables represented outstanding commercial acceptance bills. Generally, these receivables are due within 30 to 180 days (2020: 30 to 180 days) from the date of billing, except for the renewable energy subsidy receivables.

Tariff adjustment receivables represent the PRC government subsidies on solar power plants to be received from the state-grid companies 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 2021, certain trade receivables arising from the sales of electricity amounting to approximately RMB923,394,000 (2020: RMB1,190,157,000) were pledged as securities for the Group's loans and borrowings (note 16).

- (ii) The types of loans receivable are as follows

	2021	2020
	RMB'000	RMB'000
Credit loans	154,589	146,474
Guaranteed loans	53,950	36,112
Collateral-backed loans	20,567	25,567
	229,106	208,153

The credit loans, guaranteed loan and collateral-backed loans receivables ranges from 2 months to 36 months, 2 months to 36 months and 6 months to 36 months (2020: 2 months to 36 months, 2 months to 36 months and 6 months to 36 months), respectively, and are denominated in RMB. Credit loan receivables of RMB941,000 (2020: RMB277,000), guaranteed loan receivables of RMB971,000 (2020: RMB290,000) and collateral-backed loan receivables of RMBNil (2020: RMB2,958,000) were received after 12 months after the end of reporting period while the remaining amounts were received within 12 months of reporting period. The credit loans, guaranteed loan and collateral-backed loans receivables carry effective interest ranging from 5.0% to 24.0% p.a., 8.0% to 25.5% p.a. and 9.0% to 15.0% p.a. (2020: 6.0% to 24.0% p.a., 8.0% to 25.5% p.a. and 9.0% to 15.0% p.a.), respectively.

- (iii) The amount represented the VAT paid by the Group in relation to the construction of solar power plants which will be utilised and offset against the VAT payables for the sale of electricity.
- (iv) The amounts represented the consideration receivables and outstanding balances due from former subsidiaries in relation to the disposals occurred during the years 2020 and 2021. These amounts were unsecured, interest free and repayable according to the conditions of settlement set out in respective equity transfer agreement which is due within one year from the completion of disposals. The Group expects these amounts would be settled within the next 12 months after the end of the reporting period.

- (v) The amount represented deposits placed by the Group in the security deposits account opened in the independent leasing companies. Pursuant to the leasing agreements, offsetting rights have been granted by the Group to the independent leasing companies, allowing them to offset the entire security deposits against the Group's outstanding borrowings from these leasing companies.
- (vi) The amounts were unsecured, interest free and repayable on demand.

14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) 2021 disposal group

As at 31 December 2021, assets and liabilities relating to Hualong County Ruiqida and Huanghua Zhengyang, were presented as disposal group held for sale following the sale and purchase agreements dated 10 July 2021 entered into between the Group and the purchasers, independent third parties. The principal activities of these subsidiaries were engaged in generating and sales of electricity. These subsidiaries are collectively referred to as the 2021 disposal group.

Management assessed that each of entities within the 2021 disposal group are available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. The disposal of Hualong County Ruiqida and Huanghua Zhengyang were approved by the shareholders in an extraordinary general meeting held on 14 September 2021.

In accordance with HKFRS 5, assets and liabilities relating to these subsidiaries were disposal group classified as held for sale in the consolidated statement of financial position as at 31 December 2021. 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 regard the sale proceeds less directly attributable costs which amounted to approximately RMB337,461,000 as the fair value less cost of disposal for the disposal of these subsidiaries.

	<i>RMB'000</i>
Property, plant and equipment	251
Solar power plants (<i>note 11</i>)	346,282
Right-of-use assets	30,927
Trade and other receivables	173,153
Amounts due from group companies	217,102
Cash and cash equivalents	2,568
	<hr/>
	770,283
Less: Amounts due from group companies	(217,102)
Impairment loss on disposal group classified as held for sale	(79,787)
	<hr/>
Total assets classified as held for sale	473,394
	<hr/>
Trade and other payables	(30,402)
Amounts due to group companies	(207,061)
Loans and borrowings	(93,241)
Tax payable	(768)
Lease liabilities	(21,563)
	<hr/>
	(353,035)
Less: Amounts due to group companies	207,061
	<hr/>
Total liabilities classified as held for sale	(145,974)
	<hr/> <hr/>

(b) 2020 disposal group

As at 31 December 2020, assets and liabilities relating to 平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Co., Ltd.*) (“**Pingshan**”), 德州市陵城區乾超兄弟能源科技有限公司 (Dezhou City Lingcheng District Qianchao Brothers Energy Technology Co., Ltd.*) (“**Qianchao Brothers**”), Yongchen and 玉門市永聯科技新能源有限公司 (Yumen Yonglian Technology New Energy Development Co., Ltd.*) (“**Yumen**”), were presented as disposal group held for sale following the sale and purchase agreements dated 22 October 2020, 4 December 2020 and 14 December 2020 entered into between the Group and the purchasers, independent third parties. The principal activities of these subsidiaries were engaged in generating and sales of electricity. These subsidiaries are collectively referred to as the 2020 disposal group.

Management assessed that each of entities within the 2020 disposal group are available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. Subsequent to the reporting period, the disposal of Yongchen was approved by the shareholders in an extraordinary general meeting held on 15 March 2021.

In accordance with HKFRS 5, assets and liabilities relating to these subsidiaries were disposal group classified as held for sale in the consolidated statement of financial position as at 31 December 2020. 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 regard the sale proceeds less directly attributable costs which amounted to approximately RMB1,217,585,000 as the fair value less cost of disposal for the disposal of these subsidiaries.

	<i>RMB'000</i>
Property, plant and equipment	1,360
Solar power plants (<i>note 11</i>)	2,248,883
Goodwill	11,064
Right-of-use assets	113,022
Inventories	35
Trade and other receivables	1,057,105
Amounts due from group companies	194,601
Cash and cash equivalents	<u>79,616</u>
	3,705,686
<i>Less:</i> Amounts due from group companies	(194,601)
Impairment loss on disposal group classified as held for sale	<u>(160,650)</u>
Total assets classified as held for sale	<u>3,350,435</u>
Trade and other payables	87,207
Amounts due to group companies	481,315
Loans and borrowings	1,694,728
Tax payable	2,672
Lease liabilities	<u>7,529</u>
	2,273,451
<i>Less:</i> Amounts due to group companies	<u>(481,315)</u>
Total liabilities classified as held for sale	<u><u>1,792,136</u></u>

15. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	167,555	289,306
Other payables and accruals	<u>338,675</u>	<u>771,304</u>
	<u>506,230</u>	<u>1,060,610</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current or less than 3 months	17,140	19,476
Over 3 months but less than 6 months	1,053	5,439
Over 6 months but less than 12 months	75,431	77,283
Over 12 months	<u>73,931</u>	<u>187,108</u>
	<u>167,555</u>	<u>289,306</u>

Retentions payable amounting to approximately RMB69,290,000 (2020: RMB139,460,000), which are included in other payables and accruals, will be settled or recognised as income after more than one year. All other trade and other payables are expected to be settled within one year or are repayable on demand.

16. LOANS AND BORROWINGS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current		
Secured		
— bank loans	30,000	38,000
— other borrowings from independent leasing companies	<u>1,782,740</u>	<u>2,538,645</u>
	<u>1,812,740</u>	<u>2,576,645</u>
Non-current		
Secured		
— bank loans	222,500	273,500
— other borrowings from independent leasing companies	<u>1,552,487</u>	<u>3,435,433</u>
	<u>1,774,987</u>	<u>3,708,933</u>
Total loans and borrowings	<u>3,587,727</u>	<u>6,285,578</u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,812,740	2,576,645
After 1 year but within 2 years	1,023,291	324,094
After 2 years but within 5 years	629,962	1,005,223
Over 5 years	121,734	2,379,616
	<u>3,587,727</u>	<u>6,285,578</u>

Loans and other borrowings bear interest ranging from 4.9% to 10.25% (2020: 4.9% to 10.25%) per annum.

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Fixed-rate borrowings	2,551,446	4,407,500
Floating-rate borrowings	1,036,281	1,878,078
	<u>3,587,727</u>	<u>6,285,578</u>

The loans and borrowings were secured by the following assets:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Solar power plants (<i>note 11</i>)	2,054,066	3,324,494
Trade receivables (<i>note 13</i>)	923,394	1,190,157
Right-of-use assets	–	719
Unlisted equity investments, at fair value (<i>note 12</i>)	281,365	295,441
	<u>3,258,825</u>	<u>4,810,811</u>

As at 31 December 2021, other borrowings that are secured by the equity interest of certain subsidiaries of the Company are summarised as follows:

- (a) other borrowings of approximately RMB Nil (2020: RMB500,000,000) were pledged by 86.21% equity interests of Dunhuang Wanfa;
- (b) other borrowings of approximately RMB270,107,000 (2020: RMB1,200,000,000) were pledged by 99.99% equity interests of Jiangshan Fengrong;

- (c) other borrowings of approximately RMB275,649,000 (2020: RMB275,649,000) were pledged by 99.96% equity interests of Liuan Xuqiang;
- (d) other borrowings of approximately RMB Nil (2020: RMB300,000,000) were pledged by 99.96% equity interests of Jiayuguan Xiehe;
- (e) other borrowings of approximately RMB Nil (2020: RMB180,000,000) were pledged by 99.96% equity interests of Lintan Tianlang;
- (f) other borrowings of approximately RMB244,351,000 (2020: RMB244,351,000) were pledged by 99.96% equity interests of Dingbian Jingyang;
- (g) other borrowings of approximately RMB369,366,000 (2020: RMB369,366,000) were pledged by 99.96% equity interests of Dingbian County Zhixinda;
- (h) other borrowings of approximately RMB Nil (2020: RMB130,634,000) were pledged by 99.96% equity interests of Hualong County Ruiqida;
- (i) other borrowings of approximately RMB1,158,839,000 (2020: RMB1,500,000,000) were pledged by 99.96% equity interests of Changshu Honglue;
- (j) other borrowings of approximately RMB260,000,000 (2020: RMB260,000,000) were pledged by 96.60% equity interests of Huanghua Zhengyang;
- (k) other borrowings of approximately RMB185,000,000 (2020: RMB185,000,000) were pledged by 99.46% equity interests of Shuozhou Yongyang.

In addition, an independent third party had provided unlimited corporate guarantees to certain of the Group's other borrowings amounting to approximately RMB Nil (2020: RMB101,231,000). During year ended 31 December 2021, the Group disposed of certain subsidiaries with other borrowings amounting to approximately RMB101,231,000 (2020: the Group repaid other borrowings amounting to approximately RMB42,716,000 and disposed of certain subsidiaries with other borrowings amounting to approximately RMB297,918,000), all of such are under unlimited corporate guarantees provided by this independent third party.

17. SHARE CAPITAL

	2021		2020	
	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

18. DISPOSALS OF SUBSIDIARIES

- (a) During the year ended 31 December 2021, the Group disposed of the entire equity interests in certain subsidiaries at a total cash consideration of approximately RMB2,446,809,000 (adjusted after negotiations with certain purchasers in respect of outstanding rectification works of certain solar power plants). The subsidiaries are set out below:

Name of entities	Disposal date
金塔縣永嘉新能源有限公司 (Jinta Yongjia New Energy Limited*) (note (i))	15 September 2021
甘肅宏遠光電有限責任公司 (Gansu Hongyuan Photovoltaic Limited*) (note (i))	22 September 2021
臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Co., Ltd.*) (note (i))	18 September 2021
敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited Company*) (note (i))	27 October 2021
嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Co. Ltd.*) (note (i))	29 September 2021
平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Co., Ltd.*) (note (i))	7 December 2021
德州市陵城區乾超兄弟能源科技有限公司 (Dezhou City Lingcheng District Qianchao Brothers Energy Technology Co., Ltd.*) (note (i))	1 April 2021
玉門市永聯科技新能源有限公司 (Yumen Yonglian Technology New Energy Co., Ltd.*) (note (i))	15 January 2021
榆林市江山永宸新能源有限公司 (Yulin City Jiangshan Yongchen New Energy Limited*) (note (i))	30 April 2021
烏什縣華陽偉業太陽能科技有限公司 (Wushi Huayangweiye Solar Technology Limited*) (note (i))	22 December 2021
庫車天華新能源電力有限公司 (Kuche Tianhua New Energy Electric Power Limited*) (note (i))	21 December 2021
麥蓋提力諾太陽能電力有限公司 (Maigaiti Linuo Solar Power Limited*) (note (i))	10 December 2021
英吉沙縣天華偉業太陽能科技有限公司 (Yingjisha Tianhuaweiye Solar Technology Limited*) (note (i))	13 December 2021
柯坪天華新能源電力有限公司 (Keping Tianhua New Energy Electricity Limited*) (note (i))	14 December 2021
喀什國新電力有限公司 (Kashi Guoxin New Power Limited*) (note (i))	9 December 2021
麥蓋提縣恒基偉業光伏電力有限公司 (Maigaiti Hengji Weiye Photovoltaic Power Limited*) (note (i))	10 December 2021

Notes:

- (i) These subsidiaries are principally engaged in the operation of solar power plants and electricity generation. Details have been set out in the Company's circular dated 26 February 2021 and 30 August 2021 and the Company's announcement on 2 November 2021, respectively.

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

	<i>RMB'000</i>
Net assets disposed of:	
Property, plant and equipment	2,687
Solar power plants (<i>note 11</i>)	4,122,131
Goodwill	39,393
Right-of-use assets	139,243
Inventories	577
Trade and other receivables	2,219,964
Cash and cash equivalents	86,019
Trade and other payables	(1,362,512)
Tax payables	(260)
Lease liabilities	(14,081)
Bank and other borrowings	(2,141,132)
	<u>3,092,029</u>
Impairment loss on disposal group held for sale recognised in prior year	(160,650)
Net loss on disposal of subsidiaries	(484,570)
	<u>(645,220)</u>
Total cash consideration	<u><u>2,446,809</u></u>

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

	<i>RMB'000</i>
Net cash inflows arising from disposal of subsidiaries:	
Total consideration	2,446,809
Cash and cash equivalents disposed of (including cash and cash equivalents in disposal group held for sale)	(86,019)
	<u>(86,019)</u>
	<u><u>2,360,790</u></u>

- (b) During the year ended 31 December 2020, the Group disposed of the entire equity interests in certain subsidiaries at a total cash consideration of approximately RMB924,445,000 (adjusted after negotiations with certain purchasers in respect of outstanding rectification works of certain solar power plants). The subsidiaries are set out below:

Name of entities	Disposal date
宿州市雲陽新能源發電有限公司 (Suzhou Yunyang New Energy Electricity Co., Ltd.*) (note (i))	20 May 2020
溧陽新暉光伏發電有限公司 (Liyang Xinhui Photovoltaic Power Generation Limited*) (note (i))	10 March 2020
威縣天海光伏發電有限公司 (Weixian Tihein Photovoltaic Energy Limited*) (note (i))	17 December 2020
山東新泰樓德佳陽光光伏發電有限公司 (Shandong Xintailou Dejia Solar Power Co., Ltd.*) (note (i))	15 December 2020
巨鹿縣明暉太陽能發電有限公司 (Julu Minghui Photovoltaic Power Limited*) (note (i))	22 April 2020
蘭州太科光伏電力有限公司 (Lanzhou Taike Photovoltaic Power Limited*) (note (i))	13 April 2020
定邊縣昂立光伏科技有限公司 (Dingbian Angli Solar Power Technology Co., Ltd.*) (note (i))	23 January 2020
千陽縣寶源光伏電力開發有限公司 (Qianyang Baoyuan Photovoltaic Power Development Limited*) (note (i))	5 June 2020
靖邊縣智光新能源開發有限公司 (Jingbian Zhiguang New Energy Development Limited*) (note (i))	12 October 2020
哈密朝翔新能源科技有限公司 (Hami Zhaoxiang New Energy Technology Limited*) (note (i))	17 March 2020
阿圖什市華光能源有限公司 (Artux Huaguang Energy Limited*) (note (i))	10 April 2020
阿圖什市興光能源有限公司 (Artux Xingguang Energy Limited*) (note (i))	10 April 2020
和靜旭雙太陽能科技有限公司 (Hejing Xushuang Photovoltaic Technology Limited*) (note (i))	27 March 2020
江山金投控股有限公司 (Kong Sun Financial Investment Holdings Company Ltd.*) (note (ii))	10 January 2020

Notes:

- (i) These subsidiaries are principally engaged in the operation of solar power plants and electricity generation. Details have been set out in the Company's announcement dated 26 November 2019, 5 December 2019, 21 September 2020 and 22 October 2020, respectively.
- (ii) The principal activity of Kong Sun Financial Investment Holdings Company Ltd. is an investment holding company.

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

	<i>RMB'000</i>
Net assets disposed of:	
Property, plant and equipment	2,178
Solar power plants	2,931,423
Goodwill	108,465
Right of use assets	82,908
Inventories	21
Trade and other receivables	1,347,263
Cash and cash equivalents	37,607
Trade and other payables	(1,448,978)
Tax payables	(2,328)
Lease liabilities	(35,749)
Bank and other borrowings	(1,588,416)
	<u>1,434,394</u>
Impairment losses on disposal group held for sale recognised in prior year	(327,729)
Net loss on disposal of subsidiaries	<u>(182,220)</u>
Total cash consideration	<u><u>924,445</u></u>

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

	<i>RMB'000</i>
Net cash inflows arising from disposal of subsidiaries:	
Total consideration	924,445
Cash and cash equivalents disposed of (including cash and cash equivalents in disposal group classified as held for sale)	<u>(37,607)</u>
	<u><u>886,838</u></u>

19. EVENTS AFTER THE REPORTING DATE

On 25 March 2022, the Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interest in 濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Photovoltaic Power Generation Limited*) (“**Jiyuan Dayu**”) and 50% equity interest of 寶豐縣鑫泰光伏電力科技開發有限公司 (Baofeng Xintai Photovoltaic Power Technology Development Limited*) (“**Baofeng Xintai**”), for a total consideration of approximately RMB118,675,000. As at the date of this announcement, the transfer of entire equity interest in Jiyuan Dayu and 50% equity interest of Baofeng Xintai to the purchaser has not been completed, Jiyuan Dayu and Baofeng Xintai continued to be a wholly-owned subsidiary of the Company.

Save as disclosed above, there are no other material events affecting the Group which have occurred after 31 December 2021 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 2021, 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 3.2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB935,339,000 during the year ended 31 December 2021. In addition, the Group had tariff adjustment receivables from the state-grid companies amounting to RMB1,268,357,000 as at 31 December 2021 for which the settlement 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 (“LNG”) and asset management.

SOLAR POWER PLANTS BUSINESS

During the year ended 31 December 2021, the Group continued its investment in and development of solar power plants in the People’s Republic of China (the “PRC”). As at 31 December 2021, the Group had a total of 529.8 MW completed solar power plants as follows:

Completed solar power plants

PRC Province	Number of solar power plants as at 31 December 2021	Capacity of solar power plants
Shaanxi	4	140.0 MW
Inner Mongolia	1	10.0 MW
Shanxi	1	20.0 MW
Hebei	1	30.0 MW
Henan	2	120.0 MW
Anhui	5	140.0 MW
Zhejiang	1	19.8 MW
Hubei	1	30.0 MW
Qinghai	1	20.0 MW
Total	17	529.8 MW

PROVISION OF FINANCIAL SERVICES

The revenue arising from the provision of financial services decreased by approximately 19.5% from approximately RMB37,304,000 for the year ended 31 December 2020 to approximately RMB30,014,000 for the year ended 31 December 2021.

TRADING OF LIQUEFIED NATURAL GAS

The revenue arising from the trading of LNG decreased by approximately 96.7% from approximately RMB44,377,000 for the year ended 31 December 2020 to approximately RMB1,454,000 for the year ended 31 December 2021.

SECURITIES INVESTMENT

As at 31 December 2020, the Group managed a portfolio of investments in capital markets with fair value of approximately RMB16,921,000. No such investment was held by the Group as at 31 December 2021. For the year ended 31 December 2020, the Group had recorded unrealised losses on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB3,883,000. During the year ended 31 December 2021, the Group disposed of all of its listed equity investment at a cash consideration of approximately RMB16,970,000 (2020: RMB3,630,000) and resulting in net realised loss on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB12,050,000 (2020: RMB2,602,000). 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 decreased by approximately 32.8% from approximately RMB1,478,209,000 for the year ended 31 December 2020 to approximately RMB992,756,000 for the year ended 31 December 2021. The decrease was primarily due to the decrease in revenue from sales of electricity and trading of LNG.

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

The Group’s revenue from sales of electricity decreased by approximately 34.9% from approximately RMB1,375,490,000 for the year ended 31 December 2020 to approximately RMB895,825,000 for the year ended 31 December 2021 due to the decrease in aggregate volume of electricity generated by the Group’s grid-connected solar power plants with the disposal of subsidiaries. The solar power plants owned by the Group have generated electricity in an aggregate volume of 1,189,413 MWh for the year ended 31 December 2021, representing a decrease of approximately 34.5% as compared to 1,815,522 MWh for the year ended 31 December 2020.

The Group’s revenue from provision of solar power plant operation and maintenance services increased by approximately 211.2% from approximately RMB21,038,000 for the year ended 31 December 2020 to approximately RMB65,463,000 for the year ended 31 December 2021 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 decreased by approximately 19.5% from approximately RMB37,304,000 for the year ended 31 December 2020 to approximately RMB30,014,000 for the year ended 31 December 2021.

Revenue from trading of liquefied natural gas

The Group's revenue arising from trading of LNG decreased by approximately 96.7% from approximately RMB44,377,000 for the year ended 31 December 2020 to approximately RMB1,454,000 for the year ended 31 December 2021.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 37.0% from approximately RMB921,248,000 for the year ended 31 December 2020 to approximately RMB580,398,000 for the year ended 31 December 2021. The gross profit margin of the Group decreased from approximately 62.3% for the year ended 31 December 2020 to approximately 58.5% for the year ended 31 December 2021 mainly due to disposals of subsidiaries which has a higher gross profit margin than that of the Group during the year ended 31 December 2021.

Other gains, net

The other gains, net of the Group increased by approximately 90.7% from approximately RMB18,202,000 for the year ended 31 December 2020 to approximately RMB34,708,000 for the year ended 31 December 2021. The increase are mainly due to the increase in write-back of other payables of approximately RMB43,327,000 offset by the increase in solar power plant rectification expenses of approximately RMB26,872,000.

Administrative expenses

Administrative expenses of the Group decreased by approximately 11.2% from approximately RMB297,030,000 for the year ended 31 December 2020 to approximately RMB263,628,000 for the year ended 31 December 2021. The decrease was mainly attributable to a decrease in total employee benefit expenses of approximately RMB7,014,000 during the year ended 31 December 2021.

Losses on disposal of subsidiaries, net

During the year ended 31 December 2021, the Group disposed of certain subsidiaries and recorded net losses on disposal of subsidiaries of approximately RMB484,570,000 (2020: RMB182,220,000). For details, please refer to note 18 to the financial statements in this announcement.

Impairment losses on a disposal group classified as held for sale

On 10 July 2021, the Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in 化隆縣瑞啟達新能源有限公司 (Hualong County Ruiqida New Energy Limited*) (“**Hualong County Ruiqida**”) and 黃驊市正陽新能源有限公司 (Huanghua Zhengyang New Energy Limited*) (“**Huanghua Zhengyang**”), for a total equity consideration of approximately RMB337,461,000.

An impairment loss of approximately RMB79,787,000, representing the sale proceeds less the carrying amount of the net assets of Hualong County Ruiqida and Huanghua Zhengyang as at 31 December 2021, was charged to profit or loss during the year ended 31 December 2021.

Impairment losses on solar power plants under construction

During the year ended 31 December 2020, impairment losses of approximately RMB84,445,000 on a solar power plant under construction was recognised as the approval from the relevant government authority was not granted eventually, resulting in the demolition of the solar power plant. No such amount was recorded for the year ended 31 December 2021.

Impairment losses on trade and other receivables, net

During the year ended 31 December 2021, impairment losses of approximately RMB150,588,000 (2020: RMB78,429,000) on trade and other receivables, net was recorded based on the lifetime expected credit losses.

Finance costs

Finance costs of the Group decreased by approximately 32.2% from approximately RMB735,344,000 for the year ended 31 December 2020 to approximately RMB498,295,000 for the year ended 31 December 2021. As the Group’s loans and borrowings decreased during the year ended 31 December 2021, the finance costs related to the borrowings also decreased.

Solar power plants

As at 31 December 2021, the Group had a net carrying amount of approximately RMB2,844,751,000 (2020: RMB5,346,495,000) and approximately RMB6,904,000 (2020: RMB11,909,000) in completed solar power plants and solar power plants under construction, respectively. As at 31 December 2021, the Group had a total of 529.8 MW (2020: 1,178.8 MW) installed capacity of completed solar power plants.

Interest in associates

As at 31 December 2021, the net carrying amount of associates was approximately RMB172,237,000 (2020: RMB227,984,000).

Goodwill

As at 31 December 2021, the Group had a total amount of approximately RMB547,000 (2020: RMB29,622,000) in respect of goodwill on the acquisition of subsidiaries in previous years. The decrease is contributed by the disposals of subsidiaries and impairment of goodwill of approximately RMB746,000 during the year ended 31 December 2021.

Right-of-use Assets

As at 31 December 2021, the right-of-use assets amounted to approximately RMB191,566,000 (2020: RMB274,361,000). The decrease is mainly contributed by the disposals of subsidiaries during the year ended 31 December 2021.

Financial assets measured of fair value through other comprehensive income

Financial assets measured of fair value through other comprehensive income decreased by approximately 7.0% from approximately RMB1,275,156,000 as at 31 December 2020 to approximately RMB1,186,361,000 as at 31 December 2021. The decrease is mainly due to (i) the fair value loss amounted to approximately RMB13,820,000; and (ii) the return of capital from 嘉興盛世神州永贏投資合夥企業(有限合夥) (Jiaying Shengshi Shenzhou Yongying Investment Partnership (Limited Partnership)*) amounted to RMB75,000,000 during the year ended 31 December 2021. 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 of fair value through profit or loss

As at 31 December 2020, the Group had financial assets measured at fair value through profit or loss with market value of approximately RMB16,921,000 representing approximately 0.1% of the total assets of the Group as at 31 December 2020. No such investment was held by the Group as at 31 December 2021. During the year ended 31 December 2020, the Group had recorded unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB3,883,000. During the year ended 31 December 2021, the Group disposed of all of its listed equity investment at a cash consideration of approximately RMB16,970,000 (2020: RMB3,630,000) and resulting in net realised losses on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB12,050,000 (2020: RMB2,602,000).

Trade, bills and other receivables

Trade, bills and other receivables decreased by approximately 26.3% from approximately RMB3,561,766,000 as at 31 December 2020 to approximately RMB2,626,491,000 as at 31 December 2021. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2021.

Structured bank deposits

As at 31 December 2020, the Group placed approximately RMB4,230,000 structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Group. No such amount was recorded as at 31 December 2021.

Trade and Other Payables

Trade and other payables decreased by approximately 52.3% from approximately RMB1,060,610,000 as at 31 December 2020 to approximately RMB506,230,000 as at 31 December 2021. The balance mainly comprised payables to suppliers of solar modules and equipment and engineering procurement construction contractors for purchase of solar modules and equipment and construction costs of solar power plants. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2021.

Liquidity and Capital Resources

As at 31 December 2021, cash and cash equivalents of the Group was approximately RMB699,574,000 (2020: RMB168,947,000), which included an amount of bank balances of approximately RMB689,139,000 (2020: RMB167,743,000) 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 2021, 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 0.79 (2020: 1.36).

Capital Expenditure

During the year ended 31 December 2021, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB4,348,000 (2020: RMB1,869,000) and approximately RMB11,377,000 (2020: RMB26,149,000), respectively.

Loans and Borrowings

As at 31 December 2021, the Group's total loans and borrowings was approximately RMB3,587,727,000 representing a decrease of approximately 42.9% compared to approximately RMB6,285,578,000 as at 31 December 2020. The decrease in the Group's total loans and borrowings was mainly due to disposals of subsidiaries, in which the loans and borrowings of these subsidiaries will be excluded from the Group upon their disposals. 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 2021, loans and borrowings of approximately RMB2,551,446,000 (2020: RMB4,407,500,000) and approximately RMB1,036,281,000 (2020: RMB1,878,078,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2021, out of the total borrowings, approximately RMB1,812,740,000 (2020: RMB2,576,645,000) was repayable within one year and approximately RMB1,774,987,000 (2020: RMB3,708,933,000) was repayable after one year. For details, please refer to note 16 to the financial statements in this announcement.

Corporate bonds

As at 31 December 2021, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK\$102,000,000 (equivalent to approximately RMB83,395,000) (2020: HK\$336,500,000 (equivalent to approximately RMB283,212,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (2020: 3% to 7%) per annum, and will mature on the date immediately following 3 to 96 months (2020: 3 to 96 months) after their issuance.

During the year ended 31 December 2021, the Group issued corporate bonds with an aggregate principal amount of HK\$10,500,000 (equivalent to approximately RMB8,715,000) (2020: HK\$13,500,000 (equivalent to approximately RMB12,005,000)) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK\$9,853,000 (equivalent to approximately RMB8,178,000) (2020: HK\$12,492,000 (equivalent to approximately RMB11,110,000)), with total issue cost amounting to approximately HK\$648,000 (equivalent to approximately RMB537,000) (2020: HK\$1,008,000 (equivalent to approximately RMB895,000)).

During the year ended 31 December 2021, the Group repaid HK\$245,000,000 (equivalent to approximately RMB203,350,000) (2020: HK\$20,500,000 (equivalent to approximately RMB18,231,000)) 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% (2020: 10.40% to 14.56%) per annum. Imputed interest of approximately HK\$22,861,000 (equivalent to approximately RMB18,974,000) (2020: HK\$33,401,000 (equivalent to approximately RMB29,704,000)) (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 2021.

Lease Liabilities

As at 31 December 2021, the lease liabilities amounted to approximately RMB145,238,000 (2020: RMB182,228,000). The decrease is mainly contributed by the disposals of subsidiaries during the year ended 31 December 2021.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the year ended 31 December 2021, 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 2021, the Group had charged solar power plants, trade receivables, right-of-use assets and unlisted equity investments with net book value of approximately RMB2,054,066,000 (2020: RMB3,324,494,000), approximately RMB923,394,000 (2020: RMB1,190,157,000), approximately RMB Nil (2020: RMB719,000) and approximately RMB281,365,000 (2020: RMB295,441,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above and in note 16 to the financial statements in this announcement, during the year ended 31 December 2021, 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.

As at 31 December 2021, the Group had executed guarantee with respect to a loan of approximately RMB82,601,000 granted by independent third parties to 甘肅宏遠光電有限責任公司 (Gansu Hongyuan Photovoltaic Limited*), an indirect wholly-owned subsidiary of the Company before its disposal on 22 September 2021.

As at 31 December 2021, the Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to 烏什縣華陽偉業太陽能科技有限公司 (Wushi Huayangweiye Solar Technology Limited*), an indirect wholly-owned subsidiary of the Company before its disposal on 22 December 2021.

As at 31 December 2021, the Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to 庫車天華新能源電力有限公司 (Kuche Tianhua New Energy Electric Power Limited*) an indirect wholly-owned subsidiary of the Company before its disposal on 21 December 2021.

As at 31 December 2020, the Group had executed a guarantee with respect to a loan of approximately RMB205,168,000 granted by independent third parties to 靖邊縣智光新能源開發有限公司 (Jingbian Zhiguang New Energy Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company before its disposal on 12 October 2020.

Save as disclosed above, during the year ended 31 December 2021, the Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2021, the Group had approximately 837 (2020: 622) employees 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 2021, the total employee benefit expenses (including directors' emoluments) were approximately RMB131,668,000 (2020: RMB138,682,000). For details, please refer to note 6 in 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.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investments, did not hold any significant investments in an investee company with a value of 5% more of the Company's total assets, other material acquisition or disposal during the year ended 31 December 2021, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

PROSPECT

With more than 130 countries worldwide proposing climate targets of “zero carbon” or “carbon neutrality”, renewable energy will become the dominant energy source, and the installed capacity and power generation of solar power continues to increase around the world. Under the goal of “peaked carbon and carbon neutrality” and with the top-level design of the “Action Plan for Carbon Dioxide Peaking Before 2030” issued by the State Council, China will further accelerate the adjustment and optimization of industrial structure and energy structure, where the clean energy industries such as solar power generation are poised for new development.

In 2021, with the support of various policies and measures of the central and local governments in China, China's clean energy industry continued to develop steadily, while the solar power supply chain prices remained high as the installed capacity expanded steadily. As at the end of 2021, the installed capacity of renewable energy in China has reached 1,063 million KW, including 306 million KW of solar power installed capacity and 328 million KW of wind power installed capacity. The continuous growth of the installed capacity of renewable energy also provides favourable development opportunities to the renewable energy plants operation and maintenance services businesses.

Looking forward, grasping the historic opportunities in the clean energy industry, the Group will continue the strategies on the operation of solar power plants, optimise asset allocation efficiency, safeguard the Group's cash flow, and step up to improve the efficiency of the equipment at the power stations. The Group will endeavour to further explore other investment opportunities in the clean energy industry, so as to maximise the return of the assets and value for the shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules for its corporate governance practices during the 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 2021.

Code Provision A.4.1

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

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. During the year ended 31 December 2021, 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.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING DATE

For details of events after the reporting date, please refer to note 19 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 2021. 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 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, 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 2021 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: Ms. Wu Wennan, Mr. Lang Wangkai and Mr. Xu Xiang. Ms. Wu Wennan 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 2021 will be held on Friday, 27 May 2022. 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, 23 May 2022 to Friday, 27 May 2022 (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, 20 May 2022.

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 2021 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 2021 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, 31 March 2022

As of the date of this announcement, the Board comprises two executive Directors, Mr. Jin Yanbing and Mr. Qin Hongfu, one non-executive Director, Mr. Jiang Hengwen, and three independent non-executive Directors, Mr. Lang Wangkai, Ms. Wu Wennan and Mr. Xu Xiang.