江山控股
KongSun Holdings

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 2017

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 2017, together with the comparative amounts for the corresponding year in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017
(Expressed in Renminbi unless otherwise stated)

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
			(Re-presented)
Revenue	*3*	**1,278,704**	560,571
Cost of sales		**(457,031)**	(260,212)
Gross profit		**821,673**	300,359
Other gains and losses	*4*	**920**	92,315
Administrative expenses		**(325,549)**	(206,459)
Gain on bargain purchase on acquisition of subsidiaries	*22*	**53,260**	–
Gain on disposal/deregistration of subsidiaries, net	*23*	**12,031**	45,591
Gain on disposal/deemed disposal of associates		**–**	108,918
Finance costs	*5*	**(463,548)**	(250,983)
Share of profit of a joint venture	*11*	**26,019**	8,511
Share of profit/(loss) of associates	*12*	**35**	(33,358)

	Notes	Year ended 31 December	
		2017	2016
		RMB'000	*RMB'000*
			(Re-presented)
Profit before income tax	*6*	**124,841**	64,894
Income tax expense	*7*	**(4,788)**	(10,090)
Profit for the year		**120,053**	54,804
Profit for the year attributable to:			
Owners of the Company		**119,020**	54,701
Non-controlling interests		**1,033**	103
		120,053	54,804
Earnings per share attributable to owners of the Company for the year	*8*		
— Basic *(RMB cents)*		**0.80**	0.39
— Diluted *(RMB cents)*		**0.79**	0.39

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Profit for the year		**120,053**	54,804
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
— Fair value changes in available-for-sale investments	*13*	**(20,712)**	–
— Exchange differences on translation of financial statements of foreign operations		**3,263**	(11,894)
— Release of exchange reserve upon disposal of subsidiaries	*23*	**(231)**	(967)
Other comprehensive income for the year, net of tax		**(17,680)**	(12,861)
Total comprehensive income for the year		**102,373**	41,943
Total comprehensive income attributable to:			
Owners of the Company		**101,340**	41,840
Non-controlling interests		**1,033**	103
		102,373	41,943

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	At 31 December 2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**37,574**	25,302
Solar power plants	*10*	**13,206,485**	9,278,974
Interest in a joint venture	*11*	**321,421**	295,402
Interests in associates	*12*	**17,035**	–
Investment properties		**920**	984
Goodwill		**148,451**	146,657
Lease prepayments		**257,238**	128,795
Available-for-sale investments	*13*	**1,576,206**	352,730
		15,565,330	10,228,844
Current assets			
Financial assets held for trading	*14*	**200,281**	236,629
Inventories		**1,111**	1,623
Trade, bills and other receivables	*15*	**3,797,732**	3,205,581
Structured bank deposits	*16*	**–**	1,125,000
Cash and cash equivalents	*17*	**445,638**	628,127
		4,444,762	5,196,960
Assets of a disposal group classified as held for sale		**–**	47,825
Total current assets		**4,444,762**	5,244,785
Current liabilities			
Trade and other payables	*18*	**3,733,808**	2,800,776
Loans and borrowings	*19*	**595,471**	1,030,617
Obligations under finance leases		**117**	117
Corporate bonds	*20*	**343,697**	–
Tax payable		**1,970**	13,152
		4,675,063	3,844,662

		At 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Liabilities of a disposal group classified as held for sale		**–**	416
Total current liabilities		**4,675,063**	3,845,078
Net current (liabilities)/assets		**(230,301)**	1,399,707
Total assets less current liabilities		**15,335,029**	11,628,551
Non-current liabilities			
Loans and borrowings	*19*	**8,744,467**	4,830,339
Obligations under finance leases		**103**	236
Corporate bonds	*20*	**42,781**	400,067
Deferred tax liabilities		**1,187**	1,270
		8,788,538	5,231,912
NET ASSETS		**6,546,491**	6,396,639
CAPITAL AND RESERVES			
Share capital	*21*	**6,486,588**	6,486,588
Reserves		**21,183**	(127,552)
Equity attributable to owners of the Company		**6,507,771**	6,359,036
Non-controlling interests		**38,720**	37,603
TOTAL EQUITY		**6,546,491**	6,396,639

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 2017 and 2016 included in this preliminary announcement of the 2017 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 2016 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 2017 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 2017, auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its 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 on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately RMB230,301,000 as at 31 December 2017. Having reviewed the cash flow projection of the Group for the next 12 months from the reporting date, the Board is of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on the followings: (i) the Board foresees that the Group is able to generate positive cash flows from its operation in the next 12 months; and (ii) the Group has obtained a credit facility which will be secured by the newly completed solar power plants. As such, the Board is of the opinion that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

The financial statements have been prepared under the historical cost convention except for certain investment properties, available-for-sale investments and financial assets held for trading which are stated at fair values.

2. ADOPTION OF HKFRSs

2.1 Adoption of new/amend HKFRSs — effective 1 January 2017

In the current year, the Group have applied for the first time the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Except as explained below, the adoption of these new and amended HKFRSs did not result in substantial changes to the Group's accounting policies and had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to additional disclosure presented in the note to the financial statements.

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

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

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except for HKFRS 9 and HKFRS 16, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of HKFRS 9 and HKFRS 16 are described below.

HKFRS 9 — Financial Instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI") as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in unlisted partnership and unlisted equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. As at 31 December 2017, the Group held available-for-sale equity investments at cost and at FVTOCI amounted to approximately RMB745,937,000 and RMB830,269,000 respectively (note 13). The Group plans to elect this designation option for any of the investments held on 1 January 2018 and will recognise any fair value changes in respect of these investments in other comprehensive income as they arise.

This will give rise to a change in accounting policies as currently the Group only recognises the identified impairment for available-for-sale equity investments measured at cost in profit or loss in accordance with the Group's policies, and recognises the fair value changes of available-for-sale equity investments measured at FVTOCI in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies. Accordingly, for those available-for-sale measured at cost less any identified impairment losses at the end of the reporting period, this change in policy will have impact on the Group's net assets and other comprehensive income. For those available-for-sale measured at FVTOCI, this change in policy will have no impact on the Group's net assets and other comprehensive income.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of an financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade and other receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge relationship and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating lease amounted to approximately RMB254,535,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding lease liability in respect of all the leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

2.3 Change in accounting estimates

During the year ended 31 December 2017, the Group has reassessed the useful lives of certain assets within power generating modules and equipment from 20 years to 25 years to better reflect the expected pattern of consumption of the future economic benefits embodied in these solar power generating modules and equipment. Such change in accounting estimate has been applied prospectively from 1 January 2017 onwards. As a result, depreciation charge for the year ended 31 December 2017 and the net book value of solar power plants as at 31 December 2017 has decreased and increased by approximately RMB91,604,000 respectively.

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 and interest income from provision of financial services. The amount of each significant category of revenue during the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Re-presented)
Sales of electricity	**1,254,701**	554,416
Provision of solar power plant operation and maintenance services	**6,482**	–
Interest income from provision of financial services	**13,663**	612
Sales of life like plants	**3,827**	4,317
Properties rental income	**31**	1,226
	1,278,704	560,571

Sales of electricity includes renewable energy subsidies amounted to approximately RMB841,835,000 (2016: RMB407,170,000).

4. OTHER GAINS AND LOSSES

	2017	2016
	RMB'000	*RMB'000*
		(Re-presented)
Interest income	**29,591**	66,703
Dividend income	**2,260**	–
Net (loss)/gain on fair value changes on financial assets held for trading	**(31,619)**	271
Net foreign exchange gain/(loss)	**10,807**	(11,786)
Write-off of property, plant and equipment	**(2,796)**	(391)
Impairment loss recognised in respect of other receivables	**(12,385)**	–
Service fee income	**–**	9,400
Compensation income	**–**	30,822
Impairment loss of a disposal group classified as held for sale	**–**	(5,093)
Loss on fair value changes on investment properties	**–**	(5,563)
Others	**5,062**	7,952
	920	92,315

5. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on loans and borrowings	**537,767**	244,309
Imputed interest on corporate bonds *(note 20)*	**37,710**	37,188
Finance charges on obligations under finance leases	**19**	52
Interest on loan from ultimate holding company	**–**	12,025
Interest on bank overdrafts	**–**	5
Total interest expense on financial liabilities not at fair value through profit or loss	**575,496**	293,579
Less: interest expense capitalised into solar power plants under construction# *(note 10)*	**(111,948)**	(42,596)
	463,548	250,983

For the year ended 31 December 2017, borrowing cost has been capitalised at a rate of 10% (2016: 10%) per annum.

6. PROFIT BEFORE INCOME TAX

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

(a) Employee benefit expenses (including directors' emoluments)

	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**141,115**	49,863
Contributions to defined contribution retirement plan	**22,029**	9,348
Equity-settled share-based payment expenses	**47,395**	37,015
Total employee benefit expenses (including directors' emoluments)	**210,539**	96,226

(b) Other items

	2017	2016
	RMB'000	*RMB'000*
Auditor's remuneration		
— Audit services	**4,100**	4,100
— Non-audit services	**650**	–
Amortisation of lease prepayments	**15,750**	16,316
Cost of inventories	**2,307**	3,392
Depreciation		
— Property, plant and equipment	**8,327**	6,267
— Solar power plants *(note 10)*	**356,501**	215,487
Operating lease charges	**29,460**	13,528

7. INCOME TAX EXPENSE

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

	2017	2016
	RMB'000	*RMB'000*
Current tax		
— PRC corporate income tax	**3,117**	11,407
— Under/(over)-provision in prior years	**1,671**	(1,148)
	4,788	10,259
Deferred tax	**–**	(169)
	4,788	10,090

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 2017 and 2016.

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

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

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2017 is based on profit attributable to owners of the Company for the year of approximately RMB119,020,000 (2016: RMB54,701,000) and weighted average number of ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2017	2016
	'000 shares	*'000 shares*
Ordinary shares at 1 January for the purpose of the calculation of basic earnings per share	**14,964,442**	9,787,443
Effect on subscription of new shares	**–**	4,314,166
Weighted average number of ordinary shares at 31 December for the purpose of the calculation of basic earnings per share	**14,964,442**	14,101,609

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2017 is based on profit attributable to owners of the Company for the year of approximately RMB119,020,000 (2016: RMB54,701,000) and on the weighted average number of approximately 15,003,282,000 (2016: 14,101,609,000) ordinary shares in issue during the year, after the effects of all dilutive potential ordinary shares, calculated as follows:

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

	Number of shares	
	2017	2016
	'000 shares	*'000 shares*
For the purpose of the calculation of basic earnings per share	**14,964,442**	14,101,609
Effect of dilutive potential ordinary shares in respect of share options	**38,840**	–
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	**15,003,282**	14,101,609

Diluted earnings per share for the year ended 31 December 2016 was the same as basic earnings per share because the impact of the exercise of share options was anti-dilutive.

9. DIVIDEND

No dividend was paid or proposed during the year 31 December 2017 nor has any dividend been proposed since the end of reporting period up to the date of this announcement (2016: Nil).

10. SOLAR POWER PLANTS

	Solar power plants *RMB'000*	Solar power plants under construction *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2016	2,445,322	2,057,955	4,503,277
Acquisition of subsidiaries *(note 22)*	3,544,402	381,820	3,926,222
Additions	115,768	991,857	1,107,625
Interest expense capitalised in solar power plants under construction *(note 5)*	–	42,596	42,596
Transfer	1,075,235	(1,075,235)	–
At 31 December 2016 and 1 January 2017	7,180,727	2,398,993	9,579,720
Acquisition of subsidiaries *(note 22)*	1,878,844	192,246	2,071,090
Additions	6,973	2,129,845	2,136,818
Interest expense capitalised in solar power plants under construction *(note 5)*	–	111,948	111,948
Transfer	3,225,108	(3,225,108)	–
Disposal of a subsidiary *(note 23)*	–	(35,844)	(35,844)
At 31 December 2017	12,291,652	1,572,080	13,863,732
Accumulated depreciation			
At 1 January 2016	85,259	–	85,259
Charge for the year *(note 6)*	215,487	–	215,487
At 31 December 2016 and 1 January 2017	300,746	–	300,746
Charge for the year *(note 6)*	356,501	–	356,501
At 31 December 2017	657,247	–	657,247
Net carrying value			
At 31 December 2016	6,879,981	2,398,993	9,278,974
At 31 December 2017	11,634,405	1,572,080	13,206,485

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

As at 31 December 2017, certain solar power plants with carrying value of approximately RMB1,519,353,000 (2016: RMB1,357,001,000) were constructed and built on lands in The People's Republic of China (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 2017, certain solar plants with carrying value of approximately RMB7,455,097,000 (2016: RMB5,280,270,000) were pledged as securities for the Group's loans and borrowings (note 19).

11. INTEREST IN A JOINT VENTURE

	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**295,402**	286,891
Share of profit for the year	**26,019**	8,511
At end of the year	**321,421**	295,402

As at 31 December 2017 and 2016, particulars of the joint venture were as follows:

Name of joint venture	**Form of business structure**	**Country of incorporation and principal place of operation**	**Percentage of ownership interest/ voting rights**	**Principal activities**
江山寶源國際有限公司 (Kong Sun Baoyuan International Limited*) ("**Kong Sun Baoyuan**")	Incorporated	PRC	55% (2016: 55%)	Finance leases and factoring businesses

Kong Sun Baoyuan was incorporated in the PRC and primarily engaged in the finance leases and factoring businesses in the PRC. The joint venture arrangement provides the Group with only the rights to the net assets of Kong Sun Baoyuan, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Kong Sun Baoyuan. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been accounted for in the consolidated financial statements using equity method for the years ended 31 December 2017 and 2016.

12. INTERESTS IN ASSOCIATES

	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**–**	–
Acquisition of associates	**17,000**	400,840
Gain on deemed disposal	**–**	14,609
Share of profit/(loss) for the year	**35**	(33,358)
Disposals	**–**	(382,091)
At end of the year	**17,035**	–

As at 31 December 2017, particulars of the associate was as follows:

Name of associate	Country of incorporation and principal place of operation	Percentage of ownership interest/ voting rights	Principal activities
北京江山中醫可視化科技股份有限公司 (Beijing Jiangshan Zhongyi Keshihua Technology Co., Ltd*.) ("**Zhongyi Keshihua**")	PRC	34% (2016: Nil)	Medical research and development, leasing of medical equipment and healthcare management

Zhongyi Keshihua was incorporated in the PRC and primarily engaged in medical research and development, leasing of medical equipment and healthcare management businesses in the PRC. The arrangement of the investment in Zhongyi Keshihua provided the Group with the power to participate in the financial and operating decision of Zhongyi Keshihua but was not in control nor jointly control over those policies. Under HKAS 28, Zhongyi Keshihua was classified as an associate and had been accounted for in the consolidated financial statements using equity method for the year ended 31 December 2017.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	RMB'000	*RMB'000*
Unlisted partnership investments, at cost *(note (a))*	**527,500**	300,000
Unlisted equity investments, at cost *(note (b))*	**218,437**	52,730
Unlisted equity investments, at fair value *(note (c))*	**830,269**	–
	1,576,206	352,730

Notes:

(a) As at 31 December 2017 and 2016, included in the Group's unlisted partnership investments, at cost included the followings:

(i) Approximately 19.99% (2016: Nil) of the total capital contribution in 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**"). On 13 December 2017, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners entered into a 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 Taizhou Jiuan Partnership Agreement, Taizhou Jiuan Limited Partnership shall make investments that preserve and increase the value of its assets, and may place idle funds into bank deposits, currency markets and other cash-type assets. Furthermore, it may not borrow debt or provide external guarantees, and cannot engage in high-risk investments such as gold, artwork, real estate project, futures and financial derivatives. Taizhou Jiuan Limited Partnership also cannot invest in products or areas that may harm its reputation or its partners or in areas prohibited by law. In order to manage investment risks, the Company will, through the investment decision committee of Taizhou Jiuan Limited Partnership, procure that Taizhou Jiuan Limited Partnership carefully selects investment targets and properly manages invested assets.

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

(ii) Approximately 89.55% (2016: Nil) of the total capital contribution in a limited partnership. On 22 September 2017, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners entered into a partnership agreement, pursuant to which all parties agreed to establish the limited partnership for carrying out investment in pension, tourism and film industries.

(iii) 15% (2016: 15%) of the total capital contribution in a limited partnership, namely 嘉興盛世神州永贏投資合夥企業(有限合夥) (Jiaxing Shengshi Partnership (Limited Partnership)*) ("**Jiaxing Shengshi Limited Partnership**"). On 11 October 2016, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners entered into a partnership agreement, pursuant to which all parties agreed to establish the 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.

(iv) Approximately 30% (2016: 30%) of the total capital contribution in a limited partnership. On 30 September 2016, a wholly-owned subsidiary of the Company and other partners entered into a partnership agreement, pursuant to which all parties agreed to establish the limited partnership for carrying out investments primarily in healthcare industries.

(b) As at 31 December 2017 and 2016, included in the Group's unlisted equity investments, at cost, included the followings:

(i) 25% (2016: 25%) interest in a microfinance company in the PRC and 1% (2016: 1%) interest in a biotechnology company in the PRC. As at 31 December 2016, the Group's unlisted equity investment also consisted of 30% interest in a pension fund company in the PRC.

(ii) Approximately 4.98% (2016: 0.516%) interest in 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. On 27 February 2017 and 14 December 2017, a wholly-owned subsidiary of the Company entered into two subscription agreements with Hohhot Jingu Bank to subscribe for 57,124,844 shares and 24,875,156 shares of Hohhot Jingu Bank ("**Subscription Share(s)**") respectively at RMB3 per Subscription Share. Together with the 6,600,000 shares of Hohhot Jingu Bank subscribed by the Company on 30 December 2016, the Company hold an aggregate of 88,600,000 shares of Hohhot Jingu Bank, representing approximately 4.98% (2016: 0.516%) of the issued share capital of Hohhot Jingu Bank.

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

(c) As at 31 December 2017, the unlisted equity investment, at fair value, represents approximately 2.52% (2016: Nil) and approximately 1.59% (2016: Nil) of the total number of domestic shares and the total number of shares (including domestic shares and H-shares) of Bank of Jinzhou Co., Ltd. ("**Jinzhou Bank**"), respectively. On 30 March 2017, a wholly-owned subsidiary of the Company entered into two share transfer agreements to acquire 107,500,000 domestic shares of Jinzhou Bank, a bank based in the PRC, at the price of RMB7.9161 per domestic share. Details of the acquisitions are set out in the Company's announcements dated 30 March 2017 and 2 April 2017, respectively.

The unlisted equity investment in Jinzhou Bank is measured at fair value. For the year ended 31 December 2017, a fair value loss of approximately RMB20,712,000 (2016: Nil) was recognised in other comprehensive income. The fair value of Jinzhou Bank as at 31 December 2017 was determined with reference to the valuation report prepared by China Appraisals Associates, an independent professional qualified valuer.

As at 31 December 2017, the unlisted equity investments measured at fair value with the carrying value of approximately RMB830,269,000 (2016: Nil) were pledged as securities for the Group's loans and borrowings (note 19).

Given that the Group has no power to govern or participate in the financial and operating policies of above partnerships and investment entities so as to obtain benefits from their activities and does not intend to trade for short-term profit, the Directors designated the above unlisted investment as available-for-sale investments.

Apart from the unlisted equity investment in Jinzhou Bank, the remaining unlisted partnership investments and unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be reliably measured.

14. FINANCIAL ASSETS HELD FOR TRADING

	2017	2016
	RMB'000	*RMB'000*
Equity securities listed in Hong Kong	**71,606**	83,118
Equity securities listed in the PRC	**128,675**	153,511
	200,281	236,629

As at 31 December 2017 and 2016, the fair values of all listed securities are determined directly by reference to the quoted market bid price available on the relevant exchanges.

15. TRADE, BILLS AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**1,906,861**	849,581
Bills receivables	**42,254**	50,552
Trade and bills receivables *(note (i))*	**1,949,115**	900,133
Other receivables, prepayments and deposits	**1,848,617**	2,305,448
	3,797,732	3,205,581

Notes:

(i) The Group's trade receivables are mainly receivables from sales of electricity. The bills receivables represented outstanding commercial acceptance bills. Generally, the receivables are due within 30 to 180 days (2016: 30 to 180 days) from the date of billing, except for renewable energy subsidies.

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

	2017	2016
	RMB'000	*RMB'000*
Less than 3 months	**390,239**	215,921
Over 3 months but less than 6 months	**385,697**	201,102
Over 6 months but less than 12 months	**513,272**	309,473
Over 12 months but less than 24 months	**613,652**	173,637
Over 24 months	**46,255**	–
	1,949,115	900,133

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

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**190,703**	107,256
Less than 3 months past due	**338,836**	161,854
Over 3 months but less than 6 months past due	**418,161**	204,946
Over 6 months but less than 12 months past due	**409,699**	287,535
Over 12 months but less than 24 months past due	**546,593**	138,542
Over 24 months past due	**45,123**	–
	1,949,115	900,133

Renewable energy subsidies receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2017, the outstanding renewable energy subsidies amounted to approximately RMB1,508,620,000 (2016: RMB712,663,000).

(ii) All trade and other receivables are expected to be recovered or recognised as expense within one year, except for certain trade receivables and deposits amounting to approximately RMB714,000 (2016: Nil) and approximately RMB922,000 (2016: RMB600,000) respectively as at 31 December 2017, which are expected to be recovered after more than one year.

(iii) As at 31 December 2017, certain trade receivables arising from the sales of electricity amounting to approximately RMB921,851,000 (2016: RMB476,809,000) were pledged as securities for the Group's loans and borrowings (note 19).

16. STRUCTURED BANK DEPOSITS

The structured bank deposits as at 31 December 2016, denominated in Renminbi ("**RMB**"), were yield enhancement deposits and contained embedded derivative which represented the returns varying with the underlying investment portfolio of the structured bank deposit and comprised primarily of equity instruments, debt instruments including corporate bonds and money market instruments. These deposits were solely managed and invested by the bank and the Group had no right to choose and trade the components of the financial assets. The structured bank deposits carried an effective interest rate of 3% per annum and were withdrawn in January 2017 with the principal amount together with the investment return returned to the Group. The Group considered that the fair value of embedded derivative was minimal and hence no derivative financial instruments were recognised.

17. CASH AND CASH EQUIVALENTS

	2017	2016
	RMB'000	*RMB'000*
Cash on hand	**143**	118
Cash at banks	**445,495**	628,009
	445,638	628,127

Included in cash and cash equivalents of the Group is approximately RMB426,409,000 (2016: RMB513,007,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

18. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**3,345,134**	1,724,513
Other payables and accruals	**388,674**	1,076,263
	3,733,808	2,800,776

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

	2017	2016
	RMB'000	*RMB'000*
Current or less than 3 months	**2,119,732**	505,443
Over 3 months but less than 6 months	**188,126**	138,336
Over 6 months but less than 12 months	**103,914**	466,387
Over 12 months	**933,362**	614,347
	3,345,134	1,724,513

Retentions payable amounting to approximately RMB375,813,000 (2016: RMB311,310,000), which are included in trade and other payables, will be settled after more than one year. All other trade and other payables are expected to be settled within one year or are repayable on demand.

19. LOANS AND BORROWINGS

	2017	2016
	RMB'000	*RMB'000*
Current		
Secured		
— bank loans	**51,359**	8,945
— other borrowings	**544,112**	1,021,672
	595,471	1,030,617
Non-current		
Secured		
— bank loans	**360,000**	–
— other borrowings	**8,384,467**	4,830,339
	8,744,467	4,830,339
Total loans and borrowings	**9,339,938**	5,860,956

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

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**595,471**	1,030,617
After 1 year but within 2 years	**859,329**	756,127
After 2 years but within 5 years	**4,643,851**	2,353,152
Over 5 years	**3,241,287**	1,721,060
	9,339,938	5,860,956

Loans and borrowings bear interest ranging from 3.8% to 10.5% (2016: 3.8% to 10.5%) per annum.

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

	2017	2016
	RMB'000	*RMB'000*
Fixed-rate borrowings	**952,000**	222,000
Floating-rate borrowings	**8,387,938**	5,638,956
	9,339,938	5,860,956

The loans and borrowings were secured by the following assets:

	2017	2016
	RMB'000	*RMB'000*
Solar power plants *(note 10)*	**7,455,097**	5,280,270
Trade receivables *(note 15)*	**921,851**	476,809
Property, plant and equipment	**688**	1,219
Lease prepayments	**821**	867
Unlisted equity investments, at fair value *(note 13)*	**830,269**	–
	9,208,726	5,759,165

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

(a) other borrowings of approximately RMB22,000,000 (2016: RMB22,000,000) were pledged by 100% equity interests of 揚州啟星新能源發展有限公司 (Yangzhou Qixing New Energy Developments Limited*);

(b) other borrowings of approximately RMB500,000,000 (2016: RMB500,000,000) were pledged by 86.21% equity interests of 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited Company*);

(c) other borrowings of approximately RMB1,200,000,000 (2016: RMB1,200,000,000) were pledged by 99.99% equity interests of 江山豐融投資有限公司 (Jiangshan Fengrong Investment Limited*);

(d) other borrowings of approximately RMB275,649,000 (2016: Nil) were pledged by 99.96% equity interests of 六安旭强新能源工程有限公司 (Liuan Xuqiang New Energy Engineering Limited*);

(e) other borrowings of approximately RMB300,000,000 (2016: Nil) were pledged by 99.96% equity interests of 嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Limited*) ("**Jiayuguan Xiehe**");

(f) other borrowings of approximately RMB180,000,000 (2016: Nil) were pledged by 99.96% equity interests of 臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Limited*) ("**Lintan Tianlang**"); and

(g) other borrowings of approximately RMB244,351,000 (2016: Nil) were pledged by 99.96% equity interests of 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Limited*).

In addition, an independent third party had provided unlimited corporate guarantees to certain of the Group's other borrowings amounting to approximately RMB669,876,000 (2016: RMB619,984,000).

20. CORPORATE BONDS

	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	**400,067**	322,008
Initial recognition	**–**	42,831
Imputed interest expense *(note 5)*	**37,710**	37,188
Interest payable	**(23,762)**	(25,448)
Exchange realignment	**(27,537)**	23,488
At end of the year	**386,478**	400,067

As at 31 December 2017 and 2016, corporate bonds denominated in Hong Kong dollar amounting to HK$423,500,000 (equivalent to approximately RMB354,800,000) in aggregate principal amount due in 2018 and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 (the "**Corporate Bonds**") remained outstanding with certain independent third parties. The Corporate Bonds bear an interest of 6% per annum, and will mature on the date immediately following the 36 months after the issuance of the Corporate Bonds.

The Corporate Bonds are measured at amortised cost using effective interest method by applying an effective interest rate of 10.24% per annum. Imputed interest of approximately HK$43,523,000 (equivalent to approximately RMB37,710,000) (2016: HK$43,455,000 (equivalent to approximately RMB37,188,000)) (note 5) was recognised in profit or loss during the year.

As at 31 December 2017, Corporate Bonds amounting to approximately HK$411,165,000 (equivalent to approximately RMB343,697,000) (2016: Nil) and approximately HK$51,179,000 (equivalent to approximately to RMB42,781,000) (2016: HK$447,247,000 (equivalent to approximately RMB400,067,000)) were classified as current liabilities and non-current liabilities, respectively.

21. SHARE CAPITAL

	2017		2016	
	Number of shares		Number of shares	
	'000	***RMB'000***	*'000*	*RMB'000*
Issued and fully paid				
At beginning of the year	**14,964,442**	**6,486,588**	9,787,442	3,608,604
Subscription of new shares *(note)*	**–**	**–**	5,177,000	2,877,984
At end of the year	**14,964,442**	**6,486,588**	14,964,442	6,486,588

Note:

On 2 March 2016, the Company completed the issuance of 5,177,000,000 new shares at the price of HK$0.66 per share to Pohua JT Private Equity Fund L.P. (the "**Subscription**"). The net proceeds derived from the Subscription amounted to approximately HK$1,901,567,000 (equivalent to approximately RMB1,601,688,000), after capitalisation of the loan from ultimate holding company and accrued interest amounting to approximately HK$1,515,253,000 (equivalent to approximately RMB1,276,296,000). Details of the Subscription are set out in the Company's announcements dated 5 January 2016, 18 January 2016, 2 February 2016 and 2 March 2016, respectively.

22. ACQUISITION OF SUBSIDIARIES

(a) Business combinations

During the year ended 31 December 2017, the Group entered into various equity transfer agreements with independent third parties to acquire equity interests in certain PRC-incorporated entities at a total cash consideration of approximately RMB103,252,000. These entities are set out as follows:

Name of entities	**Equity interests acquired**	**2017 acquisition dates**
大同市皖銅新能源有限公司 (Datong Wantong New Energy Limited*) ("**Datong Wantong**")	98.611%	30 March 2017
平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Limited*)	100%	30 March 2017
溧陽新暉光伏發電有限公司 (Liyang Xinhui Photovoltaic Power Generation Limited*)	100%	30 March 2017
濟南天冠能源科技有限公司 (Jinan Tianguan Energy Technology Limited*) ("**Jinan Tianguan**")	100%	30 March 2017
榆林正信電力有限公司 (Yulin Zhengxin Electricity Limited*) ("**Yulin Zhengxin**")	100%	15 June 2017
定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited*) ("**Dingbian County Zhixinda**")	100%	14 November 2017
金塔縣永嘉新能源有限公司 (Jinta Yongjia New Energy Limited*) ("**Jinta Yongjia**")	100%	14 November 2017
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**")	100%	13 December 2017

These entities are principally engaged in the operation of solar power plants and electricity generation. As at the respective 2017 acquisition dates, all the above entities are generating electricity to provincial power grids.

The combined identifiable assets acquired and liabilities assumed as at the respective 2017 acquisition dates are as follows:

	Carrying amount *RMB'000*	**Fair value adjustments** *RMB'000*	**Fair value** *RMB'000*
Solar power plants *(note 10)*	1,878,844	–	1,878,844
Lease prepayments	49,450	–	49,450
Trade, bills and other receivables	270,656	–	270,656
Cash and cash equivalents	41,828	–	41,828
Trade and other payables	(1,733,877)	–	(1,733,877)
Loans and borrowings	(352,099)	–	(352,099)
Total identifiable net assets at fair value	154,802	–	154,802
Goodwill *(note (i))*			1,794
Gain on bargain purchase on acquisition of subsidiaries *(note (ii))*			(53,260)
Less: non-controlling interests			(84)
Total cash consideration			103,252

Notes:

(i) Goodwill arose from the acquisition of Jinan Tianguan, which represents the synergy expected to be achieved from integrating the acquiree into the existing business of the Group.

(ii) Gain on bargain purchase on acquisition of subsidiaries represents the excess of fair value of consideration transferred at acquisition over the fair value of the identifiable assets acquired and liabilities assumed for the acquisition. The gain on bargain purchase during the year ended 31 December 2017 comprised approximately RMB1,520,000, RMB20,360,000, RMB16,571,000, RMB11,911,000 and RMB2,898,000 as a result of acquisition of Datong Wantong, Yulin Zhengxin, Dingbian County Zhixinda, Jinta Yongjia and Baofeng Xintai, respectively. As the consideration for the acquisition of Datong Wantong, Yulin Zhengxin, Dingbian County Zhixinda, Jinta Yongjia and Baofeng Xintai were determined with reference to the capital injected by the vendors, the Directors are of the opinion that the consideration of the acquisition was determined on an arm's length basis.

(b) Acquisition of assets

During the year ended 31 December 2017, the Group acquired the equity interests in the entities set out below from independent third parties at a total cash consideration of approximately RMB1,000. These entities are principally engaged in the operation of solar power plants and electricity generation. As at the respective dates of acquisition, these entities were still at construction stage. Given the underlying set of assets acquired were not integrated in forming businesses to generate revenues, the Directors are of the opinion that the acquisition of these entities were acquisition of assets which did not constitute business combinations for accounting purposes.

Name of entities	**Equity interests acquired**
Lintan Tianlang	100%
Jiayuguan Xiehe	95%

The combined identifiable assets acquired and liabilities assumed are as follows:

	RMB'000
Solar power plants under construction *(note 10)*	192,246
Trade, bills and other receivables	23,172
Cash and cash equivalents	574
Trade and other payables	(215,991)
Total identifiable net assets at fair value	1
Total cash consideration	1

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

23. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 December 2017, the Group disposed of its entire equity interests in certain PRC- and British Virgin Islands-incorporated entities at a total cash consideration of approximately RMB80,909,000. In addition, four wholly-owned subsidiaries incorporated in the PRC was deregistered during the year. These entities are set out as follows:

Name of entities	**Disposal/deregistration dates**
Lead Power Investments Limited ("**Lead Power**") *(note (i))*	19 January 2017
海東市樂都區瑞啟達光伏發電有限公司 (Haidong Ledu Ruiqida Solar Power Generation Limited*) *(note (ii))*	24 January 2017
恩菲新能源(朔州)有限公司 (Enfei New Energy (Shuozhou) Limited*) *(note (ii))*	3 March 2017
北京江山頤年養老服務有限公司 (Beijing Jiangshan Yinian Pension Services Limited*) ("**Jiangshan Yinian**") *(note (iii))*	28 June 2017
昌都市永辰新能源科技有限公司 (Changdu Yongchen New Energy Technology Limited*) *(note (ii))*	11 July 2017
金塔縣寶瑞新能源科技有限公司 (Jinta Baorui New Energy Technology Limited*) *(note (ii))*	1 September 2017
Eternal Gain Investment Limited ("**Eternal Gain**") *(note (iv))*	29 September 2017
黃金貸互聯網金融服務(深圳)有限公司 (Huangjin Dai Internet Financial Services (Shenzhen) Limited*) ("**Huangjin Dai**") *(note (v))*	12 October 2017
安丘永霄新能源科技有限公司 (Anqiu Yongxiao New Energy Technology Limited*) *(note (ii))*	19 October 2017

Notes:

(i) The principal activity of Lead Power is properties investment.

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

(iii) The principal activity of Jiangshan Yinian is provision of pension service.

(iv) The principle activity of Eternal Gain is investment holding.

(v) The principle activity of Huangjin Dai is provision of financial services.

During the year ended 31 December 2017, the combined net assets of these entities as at the disposal/deregistration dates are as follows:

	RMB'000
Net assets disposed of:	
Solar power plants	35,844
Property, plant and equipment	454
Trade, bills and other receivables	1,741
Cash and cash equivalents	616
Other payables and accruals	(17,186)
Assets of a disposal group classified as held for sale	47,825
Liabilities of a disposal group classified as held for sale	(185)
	69,109
Release of exchange reserve upon disposal	(231)
Net gain on disposal/deregistration of subsidiaries	12,031
Total consideration satisfied by cash	80,909

Please refer to the 2016 annual report of the Company for comparative information relating to disposal of subsidiaries.

24. EVENTS AFTER THE REPORTING DATE

There are no material events affecting the Group which have occurred after 31 December 2017 and up to the date of this announcement.

25. COMPARATIVE FIGURES

Certain comparative figures have been represented to conform with changes in presentation in the current year. The changes that has been made to the comparative figures in the consolidated statement of profit or loss for the year ended 31 December 2016, to be consistent with the presentation in the current year's consolidated statement of profit or loss, are interest income from provision of financial services of approximately RMB612,000, being reclassified from "Other gains and losses" to "Revenue".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

SOLAR POWER PLANTS BUSINESS

During the year ended 31 December 2017, the Group continued its investment in and development of solar power plants in the PRC. As at 31 December 2017, the Group had a total of 1,819.3 megawatts ("**MW**") completed solar power plants as follows:

Completed solar power plants

PRC Province	**Number of solar power plants as at 31 December 2017**	**Capacity of solar power plants**
Xinjiang	11	240.0 MW
Gansu	7	238.5 MW
Shaanxi	8	610.0 MW
Inner Mongolia	2	40.0 MW
Shanxi	1	20.0 MW
Hebei	4	101.0 MW
Henan	2	120.0 MW
Shandong	2	40.0 MW
Anhui	5	160.0 MW
Jiangsu	1	20.0 MW
Zhejiang	2	119.8 MW
Jiangxi	2	80.0 MW
Hubei	1	30.0 MW
Total	48	1,819.3 MW

Note: As at 31 December 2017, except for a 20 MW and 20 MW solar power plants located in each of Xinjiang and Shanxi, respectively, which are 95% and 98.611% owned by the Group, all other solar power plants above are wholly-owned by the Group.

In 2017, the Group has further completed the installed solar power capacity of 669 MW, including a 300 MW solar power plant located in Shaanxi, which is one of the largest solar power plants with single installed capacity in Asia.

As at 31 December 2017, the Group had the following wholly-owned, ground-mounted solar power plants under construction:

Solar power plants under construction

PRC Province	**Number of solar power plants as at 31 December 2017**	**Capacity of solar power plants**
Shangdong	1	50 MW
Anhui	1	20 MW
Qinghai	1	20 MW
Total	3	90 MW

PROVISION OF FINANCIAL SERVICES

The total revenue arising from the provision of financial services increased significantly by approximately 2,132.5% from approximately RMB612,000 for the year ended 31 December 2016 to approximately RMB13,663,000 for the year ended 31 December 2017. The increase in revenue generated from the provision of financial services was mainly due to the scale expansion in provision of microfinance services.

SECURITIES INVESTMENT

As at 31 December 2017, the Group managed a portfolio of investments in capital market with fair value of approximately RMB200,281,000 (2016: RMB236,629,000). The portfolio of investments managed by the Group consists of investment in two listed equities in Hong Kong and in the PRC. The Group will remain watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall assets quality. For the year ended 31 December 2017, the Group had recognised a loss on fair value changes of financial assets held for trading which amounted to approximately RMB31,619,000 (2016: net gain of approximately RMB271,000). For further details, please refer to the paragraph headed "Results of operations — Financial assets held for trading" in this announcement.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group increased by approximately 128.1% from approximately RMB560,571,000 for the year ended 31 December 2016 to approximately RMB1,278,704,000 for the year ended 31 December 2017. The increase was primarily due to the increase in revenue from sales of electricity.

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

The Group's revenue from sales of electricity increased significantly by approximately 126.3% from approximately RMB554,416,000 for the year ended 31 December 2016 to approximately RMB1,254,701,000 for the year ended 31 December 2017 due to the increased installed capacity of grid-connected solar power plants. As at 31 December 2017, the Group had a total of 1,819.3 MW installed capacity of solar power plants, comparing to 1,150.3 MW installed capacity of solar power plants as at 31 December 2016.

The Group had, for the first time, generated revenue from provision of solar power plant operation and maintenance services of approximately RMB6,482,000 (2016: Nil) for the year ended 31 December 2017.

Revenue from provision of financial services

The Groups' revenue arising from the provision of financial services increased significantly by approximately 2,132.5% from approximately RMB612,000 for the year ended 31 December 2016 to approximately RMB13,663,000 for the year ended 31 December 2017 due to the scale expansion in provision of microfinance services.

Gross profit and gross profit margin

The gross profit of the Group increased significantly by approximately 173.6% from approximately RMB300,359,000 for the year ended 31 December 2016 to approximately RMB821,673,000 for the year ended 31 December 2017. The gross profit margin of the Group increased from approximately 53.6% for the year ended 31 December 2016 to approximately 64.3% for the year ended 31 December 2017.

Other gains and losses

Other gains and losses of the Group decreased significantly by approximately 99.0% from approximately RMB92,315,000 for the year ended 31 December 2016 to approximately RMB920,000 for the year ended 31 December 2017. The decrease is mainly due to (i) a decrease in interest income of approximately RMB37,112,000 as a result of a decrease in bank and other deposits; (ii) loss on fair value changes of financial assets held for trading of approximately RMB31,619,000 (2016: net gain of approximately RMB271,000); and (iii) impairment loss recognised in respect of other receivables of approximately RMB12,385,000 (2016: Nil).

Administrative expenses

Administrative expenses of the Group increased by approximately 57.7% from approximately RMB206,459,000 for the year ended 31 December 2016 to approximately RMB325,549,000 for the year ended 31 December 2017. The increase was mainly attributable to an increase in total employee benefit expenses of approximately RMB114,313,000 due to an increase in head count and an increase in office rental expenses of approximately RMB15,932,000.

Gain on bargain purchase on acquisition of subsidiaries

Gain on bargain purchase on acquisition of subsidiaries represents the excess of fair value of consideration transferred at acquisition over the fair value of the identifiable assets acquired and liabilities assumed for the acquisition. The gain on bargain purchase during the year ended 31 December 2017 amounted to approximately RMB53,260,000 (2016: Nil) as a result of acquisition of certain subsidiaries during the year. For details, please refer to note 22 to the financial statements in this announcement.

Gain on disposal/deregistration of subsidiaries, net

During the year ended 31 December 2017, the Group disposed/deregistered certain subsidiaries and recorded net gain on disposal/deregistration of subsidiaries of approximately RMB12,031,000 (2016: RMB45,591,000). For details, please refer to note 23 to the financial statements in this announcement.

Finance costs

Finance costs of the Group increased by approximately 84.7% from approximately RMB250,983,000 for the year ended 31 December 2016 to approximately RMB463,548,000 for the year ended 31 December 2017. As the number of and the total installed capacity of the solar power plants held by the Group increased during the year, the finance costs related to the borrowings of the respective solar power plants also increased.

Solar power plants

As at 31 December 2017, the Group had a net carrying value of approximately RMB11,634,405,000 (2016: RMB6,879,981,000) and approximately RMB1,572,080,000 (2016: RMB2,398,993,000) in completed solar power plants and solar power plants under construction, respectively. During the year ended 31 December 2017, the Group capitalised on the implementation of the favourable policies by actively investing in and developing solar power plants in the PRC. For details, please refer to note 10 to the financial statements in this announcement. As at 31 December 2017, the Group had a total of 1,819.3 MW installed capacity of completed solar power plants, comparing to the 1,150.3 MW installed capacity of solar power plants as at 31 December 2016.

Interest in a joint venture

As at 31 December 2017, the net carrying value of the joint venture was approximately RMB321,421,000 (2016: RMB295,402,000).

Goodwill

During the year ended 31 December 2017, the Group had acquired a number of solar power plants with operations and recognised approximately RMB1,794,000 (2016: RMB60,396,000) in respect of goodwill on the acquisition.

Available-for-sale investments

Available-for-sale investments increased by approximately 346.9% from approximately RMB352,730,000 as at 31 December 2016 to approximately RMB1,576,206,000 as at 31 December 2017. The increase is mainly due to (i) the acquisition of unlisted equity investment in Jinzhou Bank; (ii) the increase in unlisted equity investment in Hohhot Jingu Bank; and (iii) the investment in 19.99% of the total capital contribution in Taizhou Jiuan Limited Partnership. The investments are for long-term investment purpose and hence are classified as available-for-sale investments in the consolidated statement of financial position. For details, please refer to note 13 to the financial statements in this announcement.

Financial assets held for trading

As at 31 December 2017, the Group had financial assets held for trading with a market value of approximately RMB200,281,000 (2016: RMB236,629,000), representing an investment portfolio of two listed equities in Hong Kong and the PRC, details of which are as follows:

Listed investments	**% of shareholding of the listed investments as at 31 December 2017**	**Net loss on fair value changes through profit or loss** *RMB'000*	**Fair value as at 31 December 2017** *RMB'000*	**% of total assets of the Group as at 31 December 2017**	Fair value as at 31 December 2016 *RMB'000*
Listed shares in Hong Kong	1.3%	(6,783)	71,606	0.4%	83,118
Listed shares in the PRC	1.7%	(24,836)	128,675	0.6%	153,511
Total		(31,619)	200,281	1.0%	236,629

Trade, bills and other receivables

Trade, bills and other receivables increased by approximately 18.5% from approximately RMB3,205,581,000 as at 31 December 2016 to approximately RMB3,797,732,000 as at 31 December 2017. The increased was mainly due to an increase in trade and bills receivables from approximately RMB900,133,000 as at 31 December 2016 to approximately RMB1,949,115,000 as at 31 December 2017 which arose from the increase in sales of electricity.

Structured bank deposits

As at 31 December 2016, the Group placed RMB1,125,000,000 structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Group. The deposits were withdrawn in January 2017.

Trade and Other Payables

Trade and other payables increased by approximately 33.3% from approximately RMB2,800,776,000 as at 31 December 2016 to approximately RMB3,733,808,000 as at 31 December 2017. The balance mainly comprised payables to suppliers of solar modules and equipment and EPC contractors for purchase of solar modules and equipment and construction costs of solar power plants. As more solar power plant projects were constructing during the year, trade payables, which was mainly related to construction costs of solar power plants, have increased by approximately 94.0% from approximately RMB1,724,513,000 as at 31 December 2016 to approximately RMB3,345,134,000 as at 31 December 2017.

Liquidity and Capital Resources

As at 31 December 2017, cash and cash equivalents of the Group was approximately RMB445,638,000 (2016: RMB628,127,000), which included an amount of bank balances of approximately RMB426,409,000 (2016: RMB513,007,000) denominated in RMB placed with banks in the PRC. As at 31 December 2016, structured bank deposits of approximately RMB1,125,000,000 was denominated in RMB and placed with banks in the PRC. The remaining balance of the Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 31 December 2017, the Group's net debt ratio, which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents and structured bank deposits, over total equity, was approximately 1.42 (2016: 0.70).

Capital Expenditure

During the year ended 31 December 2017, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB24,387,000 (2016: RMB11,742,000) and approximately RMB2,136,818,000 (2016: RMB1,107,625,000), respectively.

Loans and Borrowings

As at 31 December 2017, the Group's total loans and borrowings was approximately RMB9,339,938,000, representing an increase of approximately RMB3,478,982,000, compared to approximately RMB5,860,956,000 as at 31 December 2016. The increase in the Group's total loans and borrowings was mainly due to an increase in the Group's investments in solar power plants which lead to an increase in loans and borrowings to finance such investments. All the loans and borrowings of the Group, except for an equivalent amount of approximately RMB8,359,000 (2016: RMB8,945,000) which were denominated in Hong Kong dollar, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 31 December 2017, loans and borrowings of approximately RMB952,000,000 (2016: RMB222,000,000) and approximately RMB8,387,938,000 (2016: 5,638,956,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2017, out of the total borrowings, approximately RMB595,471,000 (2016: RMB1,030,617,000) was repayable within one year and approximately RMB8,744,467,000 (2016: RMB4,830,339,000) was repayable after one year. For details, please refer to note 19 to the financial statements in this announcement.

Corporate bonds

As at 31 December 2017 and 2016, corporate bonds denominated in Hong Kong dollar amounting to HK$423,500,000 (equivalent to approximately RMB354,800,000) in aggregate principal amount due in 2018 and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 remained outstanding with certain independent third parties. The Corporate Bonds bear an interest of 6% per annum, and will mature on the date immediately following 36 months after the issuance of the Corporate Bonds.

The Corporate Bonds are measured at amortised cost using effective interest method by applying an effective interest rate of 10.24% per annum. Imputed interest of approximately HK$43,523,000 (equivalent to approximately RMB37,710,000) (2016: HK$43,455,000 (equivalent to approximately RMB37,188,000)) (note 5 to the financial statements in this announcement) was recognised in profit or loss during the year ended 31 December 2017.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the year ended 31 December 2017, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect 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 2017, the Group had charged solar power plants, trade receivables, property, plant and equipment, lease prepayments and unlisted equity investments with net book value of approximately RMB7,455,097,000 (31 December 2016: RMB5,280,270,000), approximately RMB921,851,000 (2016: RMB476,809,000), approximately RMB688,000 (2016: RMB1,219,000), approximately RMB821,000 (2016: RMB867,000) and approximately RMB830,269,000 (2016: Nil), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above and in note 19 to the financial statements in this announcement, during the year ended 31 December 2017, 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.

The Group executes a guarantee with respect to a loan of approximately RMB138,211,000 (2016: Nil) granted by independent third parties to Kong Sun Baoyuan as at 31 December 2017, under which the Group is liable to pay the proportionate share if the independent third parties are unable to recover the loan from Kong Sun Baoyun. As at the reporting date, no provision for the Group's proportionate obligation under the guarantee contracts has been made as the Directors consider that it is not probable that the repayment of the loan will be in default.

Save as disclosed above, during the year ended 31 December 2017, the Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2017, the Group had approximately 829 employees (2016: 531) 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 2017, the total employee benefit expenses (including directors' emoluments) were approximately RMB210,539,000 (2016: RMB96,226,000). For details, please refer to note 6 to the financial statements to this announcement. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short-term bonuses and long-term rewards such as share options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme on 22 July 2009 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the share option scheme, 730,350,000 share options were granted to Directors, selected employees and consultants of the Group in April 2017.

CONNECTED TRANSACTION

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

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

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

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

For details, please refer to the announcement of the Company dated 13 December 2017.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investments, other material acquisition or disposal during the year ended 31 December 2017, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

PROSPECT

In recent years, in response to the decline in the fossil energy storage capacity and against the background of global warming, many countries in the world have devoted greater effort in the development and utilisation of renewable energy, and therefore the proportion of renewable energy to primary energy consumption has been continuously increased. Solar power, an inexhaustible and renewable energy, became the key element of global strategic planning for the development and utilisation of new energy, resulting in rapid growth of the installed solar power capacity. In 2017, the global solar power generation market experienced a strong growth. China ranked first for 5 consecutive years with an additional installed capacity of 53GW in 2017, representing a year-on-year increase of over 53.6%^. It is expected that China will maintain its positive growth momentum with enormous market potential in 2018.

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

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 2017.

Code Provision A.4.1

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

^ Source: China National Renewable Energy Centre

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. On 6 March 2017, Dr. Ma Ji resigned as the Chairman of the Board and a non-executive Director and on the same date, Mr. Zeng Jianhua was appointed as the Chairman of the Board, the CEO and an executive Director. Accordingly, the Company does not have a separate chairman and CEO. Mr. Zeng Jianhua currently performs these two roles. The Board believes that vesting the roles of both chairman and CEO has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and CEO if and when appropriate.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

EVENTS AFTER THE REPORTING DATE

There are no material events affecting the Group which have occurred after 31 December 2017 and up to the date of 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 2017. 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 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, 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 2017 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") to approve and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2017 will be held on Friday, 25 May 2018. 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, 21 May 2018 to Friday, 25 May 2018 (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, 18 May 2018.

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 2017 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 2017 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. Zeng Jianhua
Executive Director

Hong Kong, 23 March 2018

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

* *For identification purposes*