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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 UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Directors”) of Kong Sun Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	229,087	232,658
Cost of sales		(110,537)	(135,794)
Gross profit		118,550	96,864
Other (losses)/gains, net	4	(2,687)	41,915
Administrative expenses		(177,210)	(96,667)
Loss on disposal of subsidiaries, net		(3,307)	—
Impairment loss on a disposal group classified as held for sale		(1,443)	—
Impairment loss on trade and other receivables, net	10	(20,543)	(7,390)
Finance costs	5	(58,039)	(79,991)
Impairment loss on interest in a joint venture		(6,842)	—
Share of (loss)/profit of joint ventures		(27,232)	5,827
Share of profit of associates		735	41,530
(Loss)/profit before income tax	6	(178,018)	2,088
Income tax expense	7	(4,646)	(6,268)
Loss for the period		(182,664)	(4,180)

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		(163,727)	(5,209)
Non-controlling interests		(18,937)	1,029
		<u>(182,664)</u>	<u>(4,180)</u>
Loss per share attributable to owners of the Company for the period			
Basic and diluted (RMB cents)	8	<u>(1.09)</u>	<u>(0.03)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2024	2023
	Notes RMB'000 (Unaudited)	RMB'000 (Unaudited)
Loss for the period	(163,727)	(5,209)
Other comprehensive income, net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes in financial assets measured at fair value through other comprehensive income, net	(20,609)	(18,216)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	28,693	22,878
Other comprehensive income for the period, net of tax	8,084	4,662
Total comprehensive income for the period	(155,643)	(547)
Total comprehensive income attributable to:		
Owners of the Company	(136,706)	(1,576)
Non-controlling interests	(18,937)	1,029
	(155,643)	(547)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Expressed in Renminbi unless otherwise stated)

		At 30 June 2024	At 31 December 2023
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		29,136	31,417
Solar power plants		909,626	943,096
Interests in associates		225,722	218,533
Interest in joint ventures		175,674	209,748
Right-of-use assets		101,809	127,197
Financial assets measured at fair value through other comprehensive income		575,333	595,942
Intangible assets		14,537	10,639
Trade receivables	10	274,404	191,840
Deferred tax assets		13,466	12,164
Loan to an associate		124,892	124,892
		<u>2,444,599</u>	<u>2,465,468</u>
Current assets			
Inventories		17,039	14,986
Trade and other receivables	10	1,532,034	1,734,038
Loan to an associate		5,670	606
Cash and cash equivalents		69,708	254,778
		<u>1,624,451</u>	<u>2,004,408</u>
Assets of disposal groups classified as held for sale		<u>1,290,951</u>	<u>1,252,629</u>
Total current assets		<u>2,915,402</u>	<u>3,257,037</u>

		At 30 June 2024 <i>RMB '000</i> (Unaudited)	At 31 December 2023 <i>RMB '000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	11	626,997	668,397
Lease liabilities		30,508	22,629
Loans and borrowings		1,013,352	1,026,803
Loans from an associate		26,100	26,100
Corporate bonds		9,127	9,062
Contract liabilities		—	140
Tax payable		5,536	5,305
		<u>1,711,620</u>	<u>1,758,436</u>
Liabilities of disposal groups classified as held for sale		<u>277,488</u>	<u>269,682</u>
Total current liabilities		<u>1,989,108</u>	<u>2,028,118</u>
Net current assets		<u>926,294</u>	<u>1,228,919</u>
Total assets less current liabilities		<u>3,370,893</u>	<u>3,694,387</u>
Non-current liabilities			
Lease liabilities		89,042	124,670
Loans and borrowings		518,911	632,413
Corporate bonds		7,482	7,266
		<u>615,435</u>	<u>764,349</u>
NET ASSETS		<u><u>2,755,458</u></u>	<u><u>2,930,038</u></u>
CAPITAL AND RESERVES			
Share capital	12	6,486,588	6,486,588
Reserves		<u>(3,800,481)</u>	<u>(3,644,838)</u>
Equity attributable to owners of the Company		<u>2,686,107</u>	<u>2,841,750</u>
Non-controlling interests		<u>69,351</u>	<u>88,288</u>
TOTAL EQUITY		<u><u>2,755,458</u></u>	<u><u>2,930,038</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issue on 29 August 2024.

The financial information relating to the financial year ended 31 December 2023 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) of the Laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6, to the Companies Ordinance.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial information contains the condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

These condensed consolidated interim financial information are unaudited and have not been reviewed by the auditors, but have been reviewed by the audit committee of the Company (“Audit Committee”) and approved and authorised for issue by the Board on 29 August 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain financial assets measured at fair value through other comprehensive income which are stated at fair values.

The accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2023 annual report except for the adoption of the new standards, amendments or interpretations issued by the HKICPA which are mandatory for the annual periods beginning on or after 1 January 2024.

For the six months ended 30 June 2024, the Group has applied the following new and amendments to HKFRS issued by the HKICPA which were effective for the annual periods beginning on or after 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the above new or revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

The following new or revised HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK-Int 5 (Amendments)	Presentation of Financial Statements - Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

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

3. REVENUE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Sales of electricity	130,030	153,548
Interest income generated from provision of financial services	55,837	28,520
Health management services	5,349	—
Provision of solar power plant operation and maintenance services	37,871	50,590
	<u>229,087</u>	<u>232,658</u>

During the six months ended 30 June 2024, sales of electricity includes renewable energy subsidies amounted to approximately RMB84,889,000 (six months ended 30 June 2023: RMB92,760,000).

4. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	6,788	6,700
Net foreign exchange gain	1,903	7,952
Solar power plant rectification expenses	(10,932)	(1,039)
Dividend income	—	20,250
Properties rental income	—	5,910
Others	(446)	2,142
	<u>(2,687)</u>	<u>41,915</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	51,465	75,420
Imputed interest on corporate bonds	367	341
Interest on lease liabilities	6,207	4,230
	<u>58,039</u>	<u>79,991</u>

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

A. Employee benefit expenses (including directors' emoluments)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	104,383	89,599
Contributions to defined contribution retirement plan	14,831	12,208
	<u>119,214</u>	<u>101,807</u>

B. Other items

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Amortization of right-of-use assets	14,785	10,838
Auditor's remuneration	289	810
Depreciation		
— Property, plant and equipment	2,069	1,115
— Solar power plants	35,339	51,464
Operating lease expenses in respect of short-term leases	715	613

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
— PRC corporate income tax	5,948	6,477
Deferred tax	(1,302)	(209)
	<u>4,646</u>	<u>6,268</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 six months ended 30 June 2024 and 2023.

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

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

The calculation of basic and diluted loss per share for the six months ended 30 June 2024 is based on loss attributable to owners of the Company for the period of approximately RMB163,727,000 (six months ended 30 June 2023: RMB5,209,000) and on the weighted average number of approximately 14,964,442,000 (six months ended 30 June 2023: 14,964,442,000) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2024 and 2023 was the same as basic loss per share because there was no potentially dilutive ordinary shares in issue.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2024 nor has any dividend been proposed since the end of the reporting period up to the date of this announcement (six months ended 30 June 2023: Nil).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade receivables	1,023,915	1,208,569
Impairment provision for trade receivables	(77,329)	(67,709)
Trade receivables, net (<i>note (i)</i>)	946,586	1,140,860
Other receivables, prepayments and deposits	1,127,536	1,052,702
Impairment provision for other receivables	(267,684)	(267,684)
Other receivables, prepayments and deposits, net	859,852	785,018
	1,806,438	1,925,878
Less: Amount shown under non-current assets		
Loan receivables, net	(271,804)	(185,863)
Receivable from health management services, net	(2,600)	(5,977)
	(274,404)	(191,840)
Amount shown under current assets	1,532,034	1,734,038

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Less than 3 months	76,660	651,750
Over 3 months but less than 6 months	80,724	29,793
Over 6 months but less than 12 months	98,756	50,420
Over 12 months but less than 24 months	255,478	112,152
Over 24 months	434,968	296,745
	946,586	1,140,860

Movements in provision for impairment of trade and other receivables for the six months ended 30 June 2024 are as follows:

	Trade receivables RMB'000 (Unaudited)	Other receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2024	67,709	267,684	335,393
Impairment provision during the period	20,543	—	20,543
Write-off	(9,596)	—	(9,596)
Disposal of subsidiaries	(1,327)	—	(1,327)
	<u>67,709</u>	<u>267,684</u>	<u>335,393</u>
At 30 June 2024	<u>77,329</u>	<u>267,684</u>	<u>345,013</u>

Notes:

- (i) The Group's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days (31 December 2023: 30 to 180 days) as at 30 June 2024 from the date of billing, except for renewable energy subsidies.

Renewable energy subsidies receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 30 June 2024, the outstanding renewable energy subsidies amounted to approximately RMB486,531,000 (31 December 2023: RMB445,967,000).

- (ii) As at 30 June 2024, certain trade receivables arising from the sales of electricity amounting to approximately RMB394,530,000 (31 December 2023: RMB300,336,000) were pledged as securities for the Group's loans and borrowings.

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade payables	36,745	24,475
Other payables and accruals	<u>590,252</u>	<u>643,922</u>
	<u>626,997</u>	<u>668,397</u>

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current or less than 3 months	5,435	11,657
Over 3 months but less than 6 months	2,244	72
Over 6 months but less than 12 months	4,612	28
Over 12 months	24,454	12,718
	36,745	24,475

12. SHARE CAPITAL

	Number of shares '000	RMB'000
Issued and fully paid:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	14,964,442	6,486,588

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries mainly engaged in the investment in and the operation of solar power plants, provision of financial services and asset management, and construction of Digital and Intelligent Traditional Chinese Medicine (“DI-TCM”) health management and service system and provision of DI-TCM diagnosis and treatment equipment, and provision of solar power plant operation and maintenance services.

SOLAR POWER PLANTS BUSINESS

During the six months ended 30 June 2024, the Group continued its investment in and development of solar power plants in the People’s Republic of China (the “PRC”). As at 30 June 2024, the Group had a total of 290 megawatt (“MW”) completed solar power plants as follows:

Completed solar power plants

PRC Province	Number of solar power plants	Capacity of solar power plants
Shaanxi	3	90.0 MW
Inner Mongolia	1	10.0 MW
Shanxi	1	20.0 MW
Anhui	5	140.0 MW
Hubei	1	30.0 MW
	<hr/>	<hr/>
Total	11	290 MW
	<hr/> <hr/>	<hr/> <hr/>

PROVISION OF FINANCIAL SERVICES

The revenue arising from the provision of financial services increased by approximately 95.8% from approximately RMB28,520,000 for the six months ended 30 June 2023 to approximately RMB55,837,000 for the six months ended 30 June 2024.

HEALTH MANAGEMENT SERVICES

With the acquisition of 北京鷹之眼智能健康科技有限公司 (Beijing Eagle Eye Intelligent Health Technology Co., Ltd.*) (“Beijing Eagle Eye”) in December 2023, the Group has stepped into the DI-TCM health management business. The revenue arising from the health management services was approximately RMB5,349,000 for the six months ended 30 June 2024.

RESULTS OF OPERATIONS

Revenue

The Group's revenue decreased by approximately 1.5% from approximately RMB232,658,000 for the six months ended 30 June 2023 to approximately RMB229,087,000 for the six months ended 30 June 2024. The decrease was due to the decrease in revenue from sales of electricity during the period with the disposal of two solar power plants in the second half of 2023.

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 15.3% from approximately RMB153,548,000 for the six months ended 30 June 2023 to approximately RMB130,030,000 for the six months ended 30 June 2024. As at 30 June 2024, the Group had a total of 290 MW (31 December 2023: 290 MW) installed capacity of solar power plants. The solar power plants owned by the Group have generated electricity in an aggregate volume of approximately 164,173 MWh for the six months ended 30 June 2024, representing a decrease of approximately 22.3% as compared to approximately 211,330 MWh for the six months ended 30 June 2023.

The Group's revenue from provision of solar power plant operation and maintenance services decreased by approximately 25.1% from approximately RMB50,590,000 for the six months ended 30 June 2023 to approximately RMB37,871,000 for the six months ended 30 June 2024. With the completion of the disposal of 60% interests of the solar power plant operation and maintenance services business on 17 April 2024, it is expected that there will not be any more revenue from this business contribute to the Group in the second half of 2024. For details, please refer to the Company's announcement dated 29 January 2024 and the Company's circular dated 20 March 2024.

Revenue from Provision of Financial Services

The Group's revenue from the provision of financial services increased by approximately 95.8% from approximately RMB28,520,000 for the six months ended 30 June 2023 to approximately RMB55,837,000 for the six months ended 30 June 2024.

Revenue from Health Management Services

The Group's revenue from health management services was approximately RMB5,349,000 for the six months ended 30 June 2024. No such amount was recorded for the six months ended 30 June 2023.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by approximately 22.4% from approximately RMB96,864,000 for the six months ended 30 June 2023 to approximately RMB118,550,000 for the six months ended 30 June 2024. The gross profit margin of the Group increased from approximately 41.6% for the six months ended 30 June 2023 to approximately 51.7% for the six months ended 30 June 2024 mainly due to start of some loans in provision of financial services, which has a higher gross profit margin affecting the overall gross profit margin of the Group.

Other (Losses)/Gains, Net

The other losses, net of the Group for the six months ended 30 June 2024 was approximately RMB2,687,000, compared to other gains, net of approximately RMB41,915,000 for the six months ended 30 June 2023. The change was mainly due to (i) the decrease in dividend income of approximately RMB20,250,000; (ii) the decrease in rental income of approximately RMB5,910,000; and (iii) the increase in solar power plant rectification expenses of approximately RMB9,893,000.

Administrative Expenses

Administrative expenses of the Group increased by approximately 83.3% from approximately RMB96,667,000 for the six months ended 30 June 2023 to approximately RMB177,210,000 for the six months ended 30 June 2024. The increase was mainly attributable to the increase in employee benefit expense and research and development expenses during the six months ended 30 June 2024.

Loss on Disposal of Subsidiaries, Net

During the six months ended 30 June 2024, the Group disposed of 60% interests of the solar power plant operation and maintenance services, and recorded net loss on such disposals of approximately RMB3,307,000. No such amount was recorded for the six months ended 30 June 2023.

Impairment loss on a disposal group classified as held for sale

During the six months ended 30 June 2024, the Group has recorded an impairment loss on a disposal group classified as held for sale of approximately RMB1,443,000 for the reason set out below.

On 11 August 2023, the Group entered into sale and purchase agreements with an independent third party to dispose of the entire equity interests in four solar power projects in the PRC, for a total equity consideration of approximately RMB350,179,000.

An impairment loss of approximately RMB1,443,000, representing difference between net asset value of 黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Limited*), 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electricity Limited*), 定邊縣萬和順新能源發電有限公司 (Dingbian Wanheshun New Energy Power Generation Limited*) and 榆林正信電力有限公司 (Yulin Zhengxin Electricity Limited*) as at 31 December 2023 and 30 June 2024, was charged to profit or loss during the six months ended 30 June 2024.

No such amount was recorded for the six months ended 30 June 2023.

Impairment loss on trade and other receivables, net

During the six months ended 30 June 2024, impairment loss regarding certain trade and other receivables, net amounting to approximately RMB20,543,000 (six months ended 30 June 2023: RMB7,390,000) was recorded based on the lifetime expected credit losses.

Finance Costs

Finance costs of the Group decreased by approximately 27.4% from approximately RMB79,991,000 for the six months ended 30 June 2023 to approximately RMB58,039,000 for the six months ended 30 June 2024. As the Group's average total loans and borrowings decreased as compared to the corresponding period last year, the finance costs related to these borrowings also decreased.

Solar Power Plants

As at 30 June 2024, the Group had a net carrying value of approximately RMB906,236,000 (31 December 2023: RMB939,706,000) and approximately RMB3,390,000 (31 December 2023: RMB3,390,000) in completed solar power plants and solar power plants under construction, respectively. As at 30 June 2024, the Group had a total of 290 MW (31 December 2023: 290 MW) installed capacity of completed solar power plants.

Interest in associates

As at 30 June 2024, the net carrying amount of associates was approximately RMB225,722,000 (31 December 2023: RMB218,533,000).

Interest in joint ventures

As at 30 June 2024, the net carrying amount of joint ventures was approximately RMB175,674,000 (31 December 2023: RMB209,748,000).

Right-of-use Assets

As at 30 June 2024, the right-of-use assets amounted to approximately RMB101,809,000 (31 December 2023: RMB127,197,000).

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income decreased by approximately 3.5% from approximately RMB595,942,000 as at 31 December 2023 to approximately RMB575,333,000 as at 30 June 2024. The decrease was due to the fair value loss of approximately RMB20,609,000. The investments are held for long-term investment purpose and hence are classified as financial assets measured at fair value through other comprehensive income in the condensed consolidated statement of financial position.

Intangible Assets

As at 30 June 2024, the intangible assets amounted to approximately RMB14,537,000 (31 December 2023: RMB10,639,000).

Trade and Other Receivables

Trade and other receivables decreased by approximately 6.2% from approximately RMB1,925,878,000 as at 31 December 2023 to approximately RMB1,806,438,000 as at 30 June 2024.

Loan to an Associate

As at 30 June 2024, the Group had a loan to an associate of approximately RMB130,562,000 (31 December 2023: RMB125,498,000). The Group entered into a loan agreement with an associate, 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*) on 1 November 2022 for a loan period of 3 years. The loan is secured and interest-bearing, which carries interest rate of 9.0% per annum.

Trade and Other Payables

Trade and other payables decreased by approximately 6.2% from approximately RMB668,397,000 as at 31 December 2023 to approximately RMB626,997,000 as at 30 June 2024.

Lease Liabilities

As at 30 June 2024, the lease liabilities amounted to approximately RMB119,550,000 (31 December 2023: RMB147,299,000).

Liquidity and Capital Resources

As at 30 June 2024, cash and cash equivalents of the Group was approximately RMB69,708,000 (31 December 2023: RMB254,778,000), which included an amount of bank balances of approximately RMB67,219,000 (31 December 2023: RMB244,839,000) denominated in RMB placed with banks in the PRC. The remaining balance of the Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 30 June 2024, the Group's net debt ratio (or gearing ratio), which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents, over total equity, was approximately 0.54 (31 December 2023: 0.48).

Capital Expenditure

During the six months ended 30 June 2024, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB2,974,000 (six months ended 30 June 2023: RMB374,000) and approximately RMB64,000 (six months ended 30 June 2023: RMB1,335,000), respectively.

Loans and Borrowings

As at 30 June 2024, the Group's total loans and borrowings was approximately RMB1,532,263,000, representing a decrease of approximately 7.7% as compared to approximately RMB1,659,216,000 as at 31 December 2023. All loans and borrowings of the Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 30 June 2024, loans and borrowings of approximately RMB1,075,050,000 (31 December 2023: RMB1,172,530,000) and approximately RMB457,213,000 (31 December 2023: RMB486,686,000) bear fixed interest rate and floating interest rate, respectively.

As at 30 June 2024, out of the total borrowings, approximately RMB1,013,352,000 (31 December 2023: RMB1,026,803,000) was repayable within one year and approximately RMB518,911,000 (31 December 2023: RMB632,413,000) was repayable after one year.

Corporate Bonds

As at 30 June 2024, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK\$19,000,000 (equivalent to approximately RMB17,341,000 (31 December 2023: HK\$19,000,000 (equivalent to approximately RMB17,218,000))) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 6% (31 December 2023: 3% to 6%) per annum, and will mature on the date immediately following 36 to 96 months (31 December 2023: 36 to 96 months) after their issuance.

During the six months ended 30 June 2024 and 2023, the Group did not issue and repay any corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate at 10.40% (six months ended 30 June 2023: 10.40% per annum). Imputed interest of approximately HK\$403,000 (equivalent to approximately RMB367,000) (six months ended 30 June 2023: HK\$385,000 (equivalent to approximately RMB341,000)) (note 5 to the “Notes to the Condensed Consolidated Interim Financial Statements” of this announcement) in respect of the corporate bonds was recognised in profit or loss during the six months ended 30 June 2024.

Foreign Exchange Rate Risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2024, the Group’s revenue were primarily denominated in RMB, being the functional currency of the Group’s major operating subsidiaries. Accordingly, the Directors expect that any future exchange rate fluctuation will not have any material effect on the Group’s business. The Group did not use any financial instruments for hedging purposes, but will continue to monitor foreign exchange changes to best preserve the Group’s cash value.

Charge on Assets

As at 30 June 2024, the Group had charged solar power plants, trade receivables and unlisted equity investments with net book value of approximately RMB725,476,000 (31 December 2023: RMB382,345,000), approximately RMB394,530,000 (31 December 2023: RMB300,336,000) and approximately RMB120,183,000 (31 December 2023: RMB129,543,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above, as at 30 June 2024, the Group had no other charges on assets.

Contingent Liabilities

The Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plant projects and the applications for the development of these solar power plant projects were actually made by their former shareholders. According to certain notices (the “Notices”) issued by the State Energy Administration (國家能源局), the Notices prohibit the original applicants who have obtained the approval documents from the government authorities for the solar power plant projects from transferring the equity interests of solar power plant projects before such solar power plants were connected to the power grid. Therefore, these subsidiaries may be subject to fines or other adverse consequences imposed by the relevant PRC government authorities in the future. The relevant PRC government authorities are currently conducting nationwide inspections on matters such as compliance of equity transfer of solar power plants and full grid-connected power generation time. The Group will actively cooperate with the relevant PRC government authorities in inspections if necessary and assess the impact of the inspection results on the development of the Group’s solar power plants in a timely manner.

Save as disclosed above, as at 30 June 2024, the Group had no other significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2024, the Group had approximately 737 employees (31 December 2023: 1,375) in Hong Kong and in the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2024, the total employee benefit expenses (including directors' emoluments) were approximately RMB119,214,000 (six months ended 30 June 2023: RMB101,807,000). For details, please refer to note 6(A) to the "Notes to the Condensed Consolidated Interim Financial Statements" of this announcement. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short-term bonuses and long-term rewards, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

On 29 January 2024, 揚州啓星新能源發展有限公司(Yangzhou Qixing New Energy Development Limited*) ("Yangzhou Qixing"), an indirect wholly-owned subsidiary of the Company, as the vendor and 北京億鑫豐泰科技合夥(有限合夥)(Beijing Yixin Fengtai Technology Partnership (Limited Partnership)*) ("Beijing Yixin") as the purchaser entered into an agreement, pursuant to which Yangzhou Qixing conditionally agreed to sell, and Beijing Yixin conditionally agreed to acquire, 60% equity interests in 陝西億潤新能源科技有限公司(Shaanxi Yirun New Energy Technology Co., Ltd.*) for a total consideration of RMB4,200,000 (the "**Disposal**"). Completion of the Disposal took place on 17 April 2024. For details, please refer to the Company's announcements dated 29 January 2024 and 9 April 2024 and the Company's circular dated 20 March 2024.

Save as disclosed in this announcement, the Group did not have any other significant investments in an investee company with a value of 5% or more of the Company's total assets, other material acquisition or disposal during the six months ended 30 June 2024, 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 the significant decrease in the price of solar power generation equipment since 2023, the cost of solar power generation is becoming more competitive globally. As a result, the demand for solar power in various countries is expected to continue to grow amidst the wave of renewable energy transformation.

In the first half of 2024, benefiting from the policy support from all levels of the Chinese government and the further reduction of investment costs, China's clean energy industry continued to develop steadily, and the solar power generation industry grew rapidly as the installed capacity continued to expand. According to the data released by the National Energy Administration, in the first half of 2024, China's newly installed solar power generation capacity was 102.48 million KW, and the cumulative installed capacity was 710 million KW, representing a year-on-year increase of 51.6%.

Looking forward, the Group will continue to implement the strategies on the operation of solar power plants, optimize asset allocation efficiency and step up to improve the efficiency of the equipment at the power stations, and continue to develop its green finance and inclusive finance business. At the same time, the Group will accelerate its pace in the diversified development of the medical and health sector, strive to improve the Group's operation structure and operating results, so as to maximize the return of the assets and value for its 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for its corporate governance practices during the period under review. In the opinion of the Board, save for the deviation as disclosed below, the Company has complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2024.

Code provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

On 25 November 2022, Mr. Jiang Hengwen was appointed as the chairman of the board of Directors (the "Board") and the Company has not appointed any CEO. The duties and responsibilities of the CEO are then carried out by the executive Director. The Board will review the management structure regularly and consider the appointment of CEO if and when appropriate.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

EVENTS AFTER REPORTING DATE

On 15 August 2024, 深圳市江天永健科技有限公司 (Shenzhen Jiangtian Yongjian Technology Company Limited*) (a wholly-owned subsidiary of the Company) (the “Purchaser”), QUBOT Holdings Limited (the “Vendor”) and 北京思博慧醫科技有限公司 (the “Target Company”), among others, entered into an agreement, pursuant to which (i) the Purchaser conditionally agreed to subscribe for equity interest in the Target Company representing 20% of the total equity interest of the Target Company immediately after this subscription for a subscription price of RMB36,000,000 (the “Subscription”); and (ii) the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the sale interest representing 10% of the total equity interest of the Target Company immediately after the Subscription for a total consideration of RMB14,000,000 (the “Acquisition”), such that upon completion of the Subscription and the Acquisition, the Purchaser will be interested in 30% equity interest in the Target Company. The Target Company will not become a subsidiary of the Company as a result of the Subscription and the Acquisition and its financial results will not be consolidated in the financial statements of the Group. For details, please refer to the Company’s announcement dated 15 August 2024.

Save as disclosed above, there are no important events affecting the Group which have occurred after 30 June 2024 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 contained in Appendix C3 to the Listing Rules (the “Model Code”) as the code for dealing in securities of the Company by the Directors. The Company confirms that, having made specific enquiries with all the Directors, all the Directors have complied with the required standard of the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed, with no disagreement, the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2024 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report for the six months ended 30 June 2024 of the Group will also be published on the same websites in due course.

ADDITIONAL INFORMATION ON THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report of the Company for the year ended 31 December 2023 (the "2023 Annual Report"). In addition to the information disclosed in the 2023 Annual Report, the Board would like to provide to the shareholders of the Company and the potential investors with the following additional information.

PROVISION OF FINANCIAL SERVICES

The Group provides financial services and advances loans to borrowers. As at 31 December 2023, there were approximately 6,700 borrowers, among which approximately 99.4% were individuals and approximately 0.6% were institutional borrowers. In general, during the year ended 31 December 2023, loans advanced by the Group to 97.2% of the individual borrowers were unsecured credit loans with principal amount of each loan not exceeding RMB300,000, whereas loans to institutional borrowers and other individual borrowers were either unsecured credit loans, collateral-backed or guaranteed loans (depending on terms of the loan, such as principal amount, tenor and interest rate). The collaterals requested by the Group mainly comprised properties and receivables.

MATERIAL IMPAIRMENT ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Company recorded an impairment loss on financial assets measured at fair value through other comprehensive income of RMB165 million for the year ended 31 December 2023 (the "Impairment"). The Impairment was attributable to the fair value loss in the unlisted equity investments in Hohhot Jingu Bank and Jinzhou Bank as at 31 December 2023:

- (i) According to the valuation report prepared by an independent professional qualified valuer, the fair value of the unlisted equity investment in Hohhot Jingu Bank as at 31 December 2023 was approximately RMB163,243,000 (31 December 2022: RMB181,105,000), calculated based on the guideline publicly-traded method by multiplying the average price-to-book ratio (the "PB Ratio") of comparable companies by the adjusted equity attributable to shareholders of Hohhot Jingu Bank, then adjusting for discount for lack of marketability ("DLOM"). The decrease in fair value was mainly due to the change in market conditions and the decrease in the average PB Ratios of comparable companies. A fair value loss of approximately RMB17,862,000 was therefore recognised in 2023.

- (ii) According to the valuation report prepared by an independent professional qualified valuer, the fair value of the unlisted equity investment in Jinzhou Bank as at 31 December 2023 was approximately RMB129,543,000 (31 December 2022: RMB276,626,000), calculated based on the guideline publicly-traded method by multiplying the average PB Ratio of comparable companies by the adjusted equity attributable to ordinary shareholders of Jinzhou Bank, then adjusting for DLOM.

On 26 January 2024, Liaoning Financial Holding Group Co., Ltd. (“Liaoning Financial”) and Jinzhou Bank jointly announced that Liaoning Financial would make a voluntary conditional general cash offer (the “2024 Offer”) to acquire all the issued domestic shares (other than those already held by Liaoning Financial and the parties acting in concert with Liaoning Financial) at the offer price of RMB1.25 per domestic share. The valuation of the unlisted equity investment in Jinzhou Bank as at 31 December 2023 had taken into account the 2024 Offer, resulting in a fair value loss of approximately RMB147,083,000.

According to the valuation reports, the fair value of the unlisted equity investments in Hohhot Jingu Bank and Jinzhou Bank were both derived from the application of the market approach technique known as guideline publicly-traded comparable method which utilises the PB Ratios of similar and comparable companies to arrive at an indication of value, then adjusted for DLOM as at 31 December 2023. PB Ratio was adopted because it is a common valuation metrics for valuing banks. There has been no change in valuation method used in respect of the unlisted equity investments in Hohhot Jingu Bank and Jinzhou Bank.

For the unlisted equity investment in Hohhot Jingu Bank, the selection criteria of comparable companies are (i) companies listed in the PRC; (ii) companies which are principally engaged in regional commercial banking business in non-first tier cities in the PRC; and (iii) companies with average 1-year market capitalisation between RMB8 billion to RMB177 billion. The major inputs for the valuation of the unlisted equity investment in Hohhot Jingu Bank are: (i) average PB Ratio of comparable companies of 0.64; (ii) the adjusted equity attributable to shareholders of Hohhot Jingu Bank as at 31 December 2023 of approximately RMB6,527,670,000; and (iii) DLOM of 20.5%.

For the unlisted equity investment in Jinzhou Bank, the selection criteria of comparable companies are (i) companies listed in Hong Kong; and (ii) companies principally engaged in regional commercial banking business in the PRC. The comparable banks chosen were similar to those set out in the letter from Gram Capital Limited included in the composite document issued by Jinzhou Bank in relation to the 2024 Offer dated 23 February 2024. The major inputs for the valuation of the unlisted equity investment in Jinzhou Bank are: (i) average PB Ratio of comparable companies of 0.36; (ii) the latest adjusted equity attributable to ordinary shareholders of Jinzhou Bank of RMB58,803,803,000 (as per the 2022 interim report of Jinzhou Bank); and (iii) DLOM of 20.5%.

As confirmed with the valuer, there has been no significant change in the value of inputs or assumptions from those previously adopted in the valuation of Hohhot Jingu Bank. As for Jinzhou Bank, the only significant change was the selection of comparable companies in 2023, which was selected with reference to those set out in the letter from Gram Capital Limited included in the composite document issued by Jinzhou Bank in relation to the 2024 Offer dated 23 February 2024. Since the 2024 Offer was considered to be new price information of the domestic share of Jinzhou Bank in early 2024 which was close to the valuation date of 31 December 2023, the valuation inputs of Jinzhou Bank as at 31 December 2023 were adjusted in consideration of the 2024 Offer.

The above supplemental information does not affect other information disclosed in the 2023 Annual Report. Save as disclosed above, the other information contained in the 2023 Annual Report remains unchanged.

By order of the Board
Kong Sun Holdings Limited
Mr. Jiang Hengwen
Chairman and non-executive Director

Hong Kong, 29 August 2024

As of the date of this announcement, the Board comprises one executive Director, Mr. Xian He, one non-executive Director, Mr. Jiang Hengwen, and three independent non-executive Directors, Mr. Tang Jian, Ms. Tang Yinghong and Ms. Wu Wennan.

* *For identification purposes only*