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**KONG SUN HOLDINGS LIMITED**

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 2023 as follows.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2023

(Expressed in Renminbi unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>232,658</b>	284,980
Cost of sales		<b>(135,794)</b>	(154,424)
<b>Gross profit</b>		<b>96,864</b>	130,556
Other gains, net	4	<b>41,915</b>	1,817
Administrative expenses		<b>(96,667)</b>	(88,384)
Loss on disposal of subsidiaries, net		–	(3,736)
Impairment loss on a disposal group classified as held for sale		–	(4,176)
Impairment loss on trade and other receivables, net	10	<b>(7,390)</b>	(10,084)
Finance costs	5	<b>(79,991)</b>	(106,852)
Share of profit of a joint venture		<b>5,827</b>	–
Share of profit/(loss) of associates		<b>41,530</b>	(958)
<b>Profit/(loss) before income tax</b>	6	<b>2,088</b>	(81,817)
Income tax expense	7	<b>(6,268)</b>	(7,648)
<b>Loss for the period</b>		<b>(4,180)</b>	(89,465)

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(5,209)</b>	<b>(91,103)</b>
Non-controlling interests		<b>1,029</b>	<b>1,638</b>
		<u><b>(4,180)</b></u>	<u><b>(89,465)</b></u>
<b>Loss per share attributable to owners of</b>			
<b>the Company for the period</b>			
Basic (RMB cents)	8	<b>(0.03)</b>	<b>(0.61)</b>
Diluted (RMB cents)		<b>(0.03)</b>	<b>(0.61)</b>
		<u><b>(0.03)</b></u>	<u><b>(0.61)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2023	2022
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(5,209)</b>	<b>(91,103)</b>
<b>Other comprehensive income, net of tax</b>		
<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	(18,216)	(16,190)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	22,878	(13,666)
<b>Other comprehensive income for the period, net of tax</b>	<b>4,662</b>	<b>(29,856)</b>
<b>Total comprehensive income for the period</b>	<b>(547)</b>	<b>(120,959)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(1,576)	(122,597)
Non-controlling interests	1,029	1,638
	<b>(547)</b>	<b>(120,959)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Expressed in Renminbi unless otherwise stated)

		At 30 June 2023	At 31 December 2022
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,877	20,843
Solar power plants		2,005,128	2,052,524
Interests in associates		231,855	180,448
Interest in a joint venture		199,537	193,710
Goodwill		547	547
Right-of-use assets		143,966	157,292
Financial assets measured at fair value through other comprehensive income		741,978	760,194
Loan receivables	10	214,369	176,234
Deferred tax assets		12,164	11,955
Loan to an associate		125,555	119,576
		<u>3,688,976</u>	<u>3,673,323</u>
<b>Current assets</b>			
Inventories		1,697	1,923
Trade, bills and other receivables	10	2,073,886	2,024,665
Cash and cash equivalents		181,530	301,979
Loan to an associate		7,459	1,824
		<u>2,264,572</u>	<u>2,330,391</u>

		At 30 June 2023 <i>RMB '000</i> (Unaudited)	At 31 December 2022 <i>RMB '000</i> (Audited)
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	318,265	386,433
Lease liabilities		13,631	13,410
Loans and borrowings		396,726	392,671
Corporate bonds		9,220	8,933
Tax payable		2,418	2,967
		<u>740,260</u>	<u>804,414</u>
<b>Total current liabilities</b>		<b>740,260</b>	<b>804,414</b>
<b>Net current assets</b>		<b>1,574,312</b>	<b>1,525,977</b>
<b>Total assets less current liabilities</b>		<b>5,213,288</b>	<b>5,199,300</b>
<b>Non-current liabilities</b>			
Lease liabilities		111,718	116,573
Loans and borrowings		1,659,739	1,641,748
Corporate bonds		7,233	6,863
		<u>1,778,690</u>	<u>1,765,184</u>
<b>NET ASSETS</b>		<b>3,434,598</b>	<b>3,434,116</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>12</i>	6,486,588	6,486,588
Reserves		<u>(3,141,069)</u>	<u>(3,140,522)</u>
<b>Equity attributable to owners of the Company</b>		<b>3,345,519</b>	<b>3,346,066</b>
Non-controlling interests		<u>89,079</u>	<u>88,050</u>
<b>TOTAL EQUITY</b>		<b>3,434,598</b>	<b>3,434,116</b>

## 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 issued on 31 August 2023.

The financial information relating to the financial year ended 31 December 2022 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 2022 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 2022 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 2022 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 31 August 2023.

## 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 2022 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 2023.

For the six months ended 30 June 2023, the Group have applied the following new and amendments to HKFRS issued by the HKICPA which were effective for the annual periods beginning on or after 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform—Pillar Two Model Rules

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements <sup>2</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants <sup>2</sup>
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

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), income from provision of solar power plant operation and maintenance services and interest income generated from provision of financial services. The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Sales of electricity	153,548	215,861
Provision of solar power plant operation and maintenance services	50,590	51,713
Interest income generated from provision of financial services	28,520	17,406
	<u>232,658</u>	<u>284,980</u>

During the six months ended 30 June 2023, sales of electricity includes renewable energy subsidies amounted to approximately RMB92,760,000 (six months ended 30 June 2022: RMB128,027,000).

### 4. OTHER GAINS, NET

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	6,700	2,149
Dividend income	20,250	–
Net foreign exchange gain	7,952	7,200
Properties rental income	5,910	5,248
Government allowance	–	391
Solar power plant rectification expenses	(1,039)	(11,722)
Others	2,142	(1,449)
	<u>41,915</u>	<u>1,817</u>

## 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on loans and borrowings	75,420	99,101
Imputed interest on corporate bonds	341	1,674
Interest on lease liabilities	4,230	6,077
	<u>79,991</u>	<u>106,852</u>

## 6. PROFIT/(LOSS) BEFORE INCOME TAX

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

### A. Employee benefit expenses (including directors' emoluments)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, wages and other benefits	89,599	72,591
Contributions to defined contribution retirement plan	12,208	10,115
Equity-settled share-based payment expenses	—	316
	<u>101,807</u>	<u>83,022</u>

### B. Other items

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Amortization of right-of-use assets	10,838	11,762
Auditor's remuneration	810	790
Depreciation		
— Property, plant and equipment	1,115	1,677
— Solar power plants	51,464	76,234
Operating lease expenses in respect of short-term leases	613	1,047
	<u>61,840</u>	<u>91,510</u>

## 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
— PRC corporate income tax	6,477	9,312
Deferred tax	(209)	(1,664)
	<u>6,268</u>	<u>7,648</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 2023 and 2022.

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 2023 is based on loss attributable to owners of the Company for the period of approximately RMB5,209,000 (six months ended 30 June 2022: RMB91,103,000) and on the weighted average number of approximately 14,964,442,000 (six months ended 30 June 2022: 14,964,442,000) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2023 and 2022 was the same as basic loss per share because the impact of the exercise of share options was antidilutive.

## 9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2023 nor has any dividend been proposed since the end of the reporting period up to the date of this interim report (six months ended 30 June 2022: Nil).

## 10. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Trade receivables	1,691,439	1,444,899
Bills receivables	—	40,000
Impairment provision for trade receivables	<u>(40,081)</u>	<u>(32,691)</u>
Trade and bills receivables, net ( <i>note (i)</i> )	<u>1,651,358</u>	<u>1,452,208</u>
Other receivables, prepayments and deposits	827,999	939,793
Impairment provision for other receivables	<u>(191,102)</u>	<u>(191,102)</u>
Other receivables, prepayments and deposits, net	<u>636,897</u>	<u>748,691</u>
	2,288,255	2,200,899
<i>Less: Amount shown under non-current assets</i>		
Loan receivables, net	<u>(214,369)</u>	<u>(176,234)</u>
Amount shown under current assets	<u><u>2,073,886</u></u>	<u><u>2,024,665</u></u>

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

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Less than 3 months	199,162	497,391
Over 3 months but less than 6 months	265,866	62,570
Over 6 months but less than 12 months	307,935	97,110
Over 12 months but less than 24 months	251,415	211,504
Over 24 months	<u>626,980</u>	<u>543,633</u>
	<u><u>1,651,358</u></u>	<u><u>1,412,208</u></u>

Movements in provision for impairment of trade and other receivables for the six months ended 30 June 2023 are as follows:

	<b>Trade receivables RMB'000 (Unaudited)</b>	<b>Other receivables RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
At 1 January 2023	32,691	191,102	223,793
Impairment provision during the period	<u>7,390</u>	<u>—</u>	<u>7,390</u>
At 30 June 2023	<u><u>40,081</u></u>	<u><u>191,102</u></u>	<u><u>231,183</u></u>

*Notes:*

- (i) The Group's trade receivables are mainly receivables from sales of electricity. The bills receivables represented outstanding commercial acceptance bills. Generally, the receivables are due within 30 to 180 days as at 30 June 2023 (31 December 2022: 30 to 180 days) from the date of billing, except for renewable energy subsidies.

Renewable energy subsidies receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 30 June 2023, the outstanding renewable energy subsidies amounted to approximately RMB1,026,904,000 (31 December 2022: RMB929,580,000).

- (ii) As at 30 June 2023, certain trade receivables arising from the sales of electricity amounting to approximately RMB649,555,000 (31 December 2022: RMB439,125,000) were pledged as securities for the Group's loans and borrowings.

## 11. TRADE AND OTHER PAYABLES

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
Trade payables	91,767	104,306
Other payables and accruals	<u>226,498</u>	<u>282,127</u>
	<u><u>318,265</u></u>	<u><u>386,433</u></u>

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

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
Current or less than 3 months	5,961	32,147
Over 3 months but less than 6 months	5,561	10,027
Over 6 months but less than 12 months	10,557	8,914
Over 12 months	<u>69,688</u>	<u>53,218</u>
	<u><u>91,767</u></u>	<u><u>104,306</u></u>

## 12. SHARE CAPITAL

	Number of shares '000	<i>RMB'000</i>
Issued and fully paid: At 1 January 2022, 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>14,964,442</u>	<u>6,486,588</u>

## MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

### BUSINESS REVIEW

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

### SOLAR POWER PLANTS BUSINESS

During the six months ended 30 June 2023, 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 2023, the Group had a total of 359.8 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	4	140.0 MW
Inner Mongolia	1	10.0 MW
Shanxi	1	20.0 MW
Anhui	5	140.0 MW
Zhejiang	1	19.8 MW
Hubei	1	30.0 MW
<b>Total</b>	<b>13</b>	<b>359.8 MW</b>

### PROVISION OF FINANCIAL SERVICES

The revenue arising from the provision of financial services increased by approximately 63.9% from approximately RMB17,406,000 for the six months ended 30 June 2022 to approximately RMB28,520,000 for the six months ended 30 June 2023.

## **RESULTS OF OPERATIONS**

### **Revenue**

The revenue of the Group decreased by approximately 18.4% from approximately RMB284,980,000 for the six months ended 30 June 2022 to approximately RMB232,658,000 for the six months ended 30 June 2023. The decrease was due to the decrease in revenue from sales of electricity during the period.

### **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 28.9% from approximately RMB215,861,000 for the six months ended 30 June 2022 to approximately RMB153,548,000 for the six months ended 30 June 2023. As at 30 June 2023, the Group had a total of 359.8 MW (31 December 2022: 359.8 MW) installed capacity of solar power plants. The solar power plants owned by the Group have generated electricity in an aggregate volume of approximately 211,330 megawatt – hour (“MWh”) for the six months ended 30 June 2023, representing a decrease of approximately 26.8% as compared to approximately 288,885 MWh for the six months ended 30 June 2022.

The Group's revenue from provision of solar power plant operation and maintenance services decreased by approximately 2.2% from approximately RMB51,713,000 for the six months ended 30 June 2022 to approximately RMB50,590,000 for the six months ended 30 June 2023.

### **Revenue from Provision of Financial Services**

The Group's revenue arising from the provision of financial services increased by approximately 63.9% from approximately RMB17,406,000 for the six months ended 30 June 2022 to approximately RMB28,520,000 for the six months ended 30 June 2023.

### **Gross Profit and Gross Profit Margin**

The gross profit of the Group decreased by approximately 25.8% from approximately RMB130,556,000 for the six months ended 30 June 2022 to approximately RMB96,864,000 for the six months ended 30 June 2023. The gross profit margin of the Group decreased from approximately 45.8% for the six months ended 30 June 2022 to approximately 41.6% for the six months ended 30 June 2023 mainly due to start of some contracts from provision of solar power plant operation and maintenance services, which has a lower gross profit margin, affecting the overall gross profit margin of the Group.

## **Other Gains, Net**

The other gains, net of the Group increased by approximately 22.1 times from approximately RMB1,817,000 for the six months ended 30 June 2022 to approximately RMB41,915,000 for the six months ended 30 June 2023. The increase was mainly due to the increase in dividend income of approximately RMB20,250,000, the increase in interest income of approximately RMB4,551,000 and the decrease in solar power plant rectification expenses of approximately RMB10,683,000.

## **Administrative Expenses**

Administrative expenses of the Group increased by approximately 9.4% from approximately RMB88,384,000 for the six months ended 30 June 2022 to approximately RMB96,667,000 for the six months ended 30 June 2023. The increase was mainly attributable to the increase in employee benefit expense during the six months ended 30 June 2023.

## **Loss on Disposal of Subsidiaries, Net**

During the six months ended 30 June 2022, the Group disposed of three subsidiaries, and recorded net loss on such disposals of approximately RMB3,736,000. 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 2022, the Group has recorded an impairment loss on a disposal group classified as held for sale of approximately RMB4,176,000 for reason set out below.

On 10 July 2021, the Group entered into sale and purchase agreement with an independent third party to dispose of the entire equity interests in 黃驊市正陽新能源有限公司 (Huanghua Zhengyang New Energy Limited\*) (“Huanghua Zhengyang”) for an equity consideration of approximately RMB241,476,000.

An impairment loss of approximately RMB4,176,000, representing the difference between the net asset value of Huanghua Zhengyang as at 31 December 2021 and 30 June 2022, was charged to profit or loss during the six months ended 30 June 2022.

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 2023, impairment loss regarding certain trade and other receivables, net amounting to approximately RMB7,390,000 (six months ended 30 June 2022: RMB10,084,000) was recorded based on the lifetime expected credit losses.

### **Finance Costs**

Finance costs of the Group decreased by approximately 25.1% from approximately RMB106,852,000 for the six months ended 30 June 2022 to approximately RMB79,991,000 for the six months ended 30 June 2023. 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 2023, the Group had a net carrying value of approximately RMB2,000,403,000 (31 December 2022: RMB2,049,134,000) and approximately RMB4,725,000 (31 December 2022: RMB3,390,000) in completed solar power plants and solar power plants under construction, respectively. During the six months ended 30 June 2023, there was no disposal of solar power plant. During the six months ended 30 June 2022, the Group successfully completed the disposals of three solar power plants with total installed capacity of 140 MW. As at 30 June 2023, the Group had a total of 359.8 MW (31 December 2022: 359.8 MW) installed capacity of completed solar power plants.

### **Interest in associates**

As at 30 June 2023, the net carrying amount of associates was approximately RMB231,855,000 (31 December 2022: RMB180,448,000).

### **Interest in a joint venture**

As at 30 June 2023, the net carrying amount of a joint venture was approximately RMB199,537,000 (31 December 2022: RMB193,710,000).

### **Goodwill**

As at 30 June 2023, the Group had a total amount of approximately RMB547,000 (31 December 2022: RMB547,000) in respect of goodwill on the previous acquisitions of subsidiaries.

### **Right-of-use Assets**

As at 30 June 2023, the right-of-use assets amounted to approximately RMB143,966,000 (31 December 2022: RMB157,292,000).

### **Financial Assets Measured at Fair Value through Other Comprehensive Income**

Financial assets measured at fair value through other comprehensive income decreased by approximately 2.4% from approximately RMB760,194,000 as at 31 December 2022 to approximately RMB741,978,000 as at 30 June 2023. The decrease was due to the fair value loss of approximately RMB18,216,000. 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.

### **Loan to an Associate**

As at 30 June 2023, the Group had a loan to an associate of approximately RMB133,014,000 (31 December 2022: RMB121,400,000). 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 11 November 2022 for a loan period of 3 years. The loan is unsecured and interest-bearing, which carries interest rate of 9.0% per annum.

### **Trade, Bills and Other Receivables**

Trade, bills and other receivables increased by approximately 4.0% from approximately RMB2,200,899,000 as at 31 December 2022 to approximately RMB2,288,255,000 as at 30 June 2023.

### **Trade and Other Payables**

Trade and other payables decreased by approximately 17.6% from approximately RMB386,433,000 as at 31 December 2022 to approximately RMB318,265,000 as at 30 June 2023.

### **Lease Liabilities**

As at 30 June 2023, the lease liabilities amounted to approximately RMB125,349,000 (31 December 2022: RMB129,983,000).

## **Liquidity and Capital Resources**

As at 30 June 2023, cash and cash equivalents of the Group was approximately RMB181,530,000 (31 December 2022: RMB301,979,000), which included an amount of bank balances of approximately RMB174,624,000 (31 December 2022: RMB299,525,000) 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 2023, the Group's net debt ratio (or gearing ratio), which was calculated by the total loans and other borrowings and corporate bonds minus total cash and cash equivalents, over total equity, was approximately 0.55 (31 December 2022: 0.52).

## **Capital Expenditure**

During the six months ended 30 June 2023, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB374,000 (six months ended 30 June 2022: RMB206,000) and approximately RMB1,335,000 (six months ended 30 June 2022: RMB1,658,000), respectively.

## **Loans and Borrowings**

As at 30 June 2023, the Group's total loans and borrowings was approximately RMB2,056,465,000, representing an increase of approximately 1.1% as compared to approximately RMB2,034,419,000 as at 31 December 2022. 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 2023, loans and borrowings of approximately RMB1,179,530,000 (31 December 2022: RMB1,567,241,000) and approximately RMB876,935,000 (31 December 2022: RMB467,178,000) bear fixed interest rate and floating interest rate, respectively.

As at 30 June 2023, out of the total borrowings, approximately RMB396,726,000 (31 December 2022: RMB392,671,000) was repayable within one year and approximately RMB1,659,739,000 (31 December 2022: RMB1,641,748,000) was repayable after one year.

## Corporate Bonds

As at 30 June 2023, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK\$19,000,000 (equivalent to approximately RMB16,453,000) (31 December 2022: HK\$19,000,000 (equivalent to approximately RMB16,972,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 6% (31 December 2022: 3% to 6%) per annum, and will mature on the date immediately following 3 to 96 months (31 December 2022: 3 to 96 months) after their issuance.

During the six months ended 30 June 2023 and 2022, the Group did not issue any corporate bonds.

During the six months ended 30 June 2022, the Group repaid HK\$48,000,000 (equivalent to approximately RMB41,049,000) in aggregate principal amount of the corporate bonds. No repayment was made for the six months ended 30 June 2023.

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 2022: ranging from 10.40% to 14.56%) per annum. Imputed interest of approximately HK\$385,000 (equivalent to approximately RMB341,000) (six months ended 30 June 2022: HK\$2,021,000 (equivalent to approximately RMB1,674,000)) (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 2023.

## Foreign Exchange Rate Risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2023, the Group’s revenue were primarily denominated in RMB, being the functional currency of the Group’s major operating subsidiaries. Accordingly, the directors of the Company (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 2023, the Group had charged solar power plants, trade receivables and unlisted equity investments with net book value of approximately RMB946,204,000 (31 December 2022: RMB998,866,000), approximately RMB649,555,000 (31 December 2022: RMB439,125,000) and approximately RMB265,041,000 (31 December 2022: RMB276,626,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above, during the six months ended 30 June 2023, 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 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, during the six months ended 30 June 2023, the Group has no other significant contingent liabilities.

## **Employees and Remuneration Policy**

As at 30 June 2023, the Group had approximately 830 employees (31 December 2022: 769) 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 2023, the total employee benefit expenses (including directors’ emoluments) were approximately RMB101,807,000 (six months ended 30 June 2022: RMB83,022,000). 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**

Save as disclosed in this interim report, 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 2023, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this interim report.

## **PROSPECT**

As countries around the world introduced policies and targets to promote the development of renewable energy generation for energy decarbonization, the global demand for solar power will remain on a strong trend. The global solar power generation industry is expected to remain on its rapid development trend with the continuous fall in solar power equipment costs.

In the first half of 2023, with comprehensive policy support from all levels of the Chinese government, 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 2023, China's newly installed solar power generation capacity was 78.42 million KW, and the cumulative installed capacity was 470 million KW. The national solar power generation reached 266.3 billion kWh. The continuous growth of solar power generation and wind power installation also provides favourable development opportunities to the renewable energy plants operation and maintenance services business.

Looking forward, the Group will continue the strategies on the operation of solar power plants, optimise asset allocation efficiency and step up to improve the efficiency of the equipment at the power stations, continue to develop its green finance and inclusive finance business, meanwhile accelerate its transformation into new businesses in other energy and health sectors, increase the proportion of asset-light and high-tech businesses, so as to maximise the return of the assets and value for the shareholders.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for its corporate governance practices during the 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 2023.

### **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 2023 (six months ended 30 June 2022: Nil).

## **EVENTS AFTER REPORTING DATE**

On 27 July 2023, 榆林正信電力有限公司 (Yulin Zhengxin Electricity Limited\*) (“Yulin Zhengxin”), as lessee, and 中集融資租賃有限公司 (CIMC Capital Ltd.\*) (“CIMC Capital”), as lessor, entered into a finance lease agreement (the “Finance Lease Agreement”), pursuant to which CIMC Capital agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding a 30MW photovoltaic power plant located in Shaanxi Province, the PRC (the ‘Leased Assets’) from Yulin Zhengxin for a total consideration of RMB150,000,000. The Leased Assets would then be leased to Yulin Zhengxin for a term of 13 years (the “Lease Period”). The legal ownership of the Leased Assets under the Finance Lease Agreement will be vested in CIMC Capital throughout the Lease Period. At the end of the Lease Period and subject to payments by Yulin Zhengxin of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal consideration of RMB100 for the Leased Assets, the legal ownership of the Leased Assets will be vested in Yulin Zhengxin.

On 11 August 2023, the Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in 定邊縣萬和順新能源發電有限公司 (Dingbian Wanheshun New Energy Power Generation Limited\*), 黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Limited\*), Yulin Zhengxin, 嵯州懿暉光伏發電有限公司 (Shengzhou Yihui Photovoltaic Power Generation Limited\*), 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.\*) and 定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited\*), for total equity consideration of approximately RMB758,028,000. The transactions were pending to be approved by the shareholders in the coming extraordinary general meeting to be held on 20 September 2023.

Save as disclosed above, there are no important events affecting the Group which have occurred after 30 June 2023 and up to the date of this interim report.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Model Code as the code for dealing in securities of the Company by the Directors. The Company confirms that, having made specific enquiries with all the Directors, all the Directors have complied with the required standard of the Model Code during the six months ended 30 June 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2023, 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 2023 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](http://www.kongsun.com). The interim report for the six months ended 30 June 2023 of the Group will also be published on the same websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 31 August 2023

*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, Ms. Tang Yinghong, Ms. Wu Wennan and Mr. Xu Xiang.*

\* *For identification purposes only*