
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kong Sun Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**(1) MAJOR TRANSACTION –
FINANCE LEASE ARRANGEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 5 to 12 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Unit 803-4, 8/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong on Tuesday, 18 April 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2021 Previous Disposals”	the previous disposals of seven project companies from Kong Sun Yongtai and Xinjiang Chengshi to Xinhua Electricity as disclosed in the Company’s announcement dated 2 November 2021
“2022 Previous Disposals”	the previous disposals of the entire equity interests of the First Project Company and 50% equity interests of the Second Project Company held by Kong Sun Yongtai and the rights of Kong Sun Yongtai as the ultimate beneficial owner of the Second Project Company as disclosed in the Company’s announcement dated 25 March 2022
“Announcement”	the announcement of the Company dated 28 February 2023 in relation to the Finance Lease Arrangement
“Advisory Service Agreement”	the advisory service agreement dated 27 February 2023 entered into between Dingbian County Zhixinda and Huadian Financial Leasing, pursuant to which Huadian Financial Leasing agreed to provide to Dingbian County Zhixinda advisory services in relation to the analysis of the Photovoltaic Power Generation Project for an advisory fee of RMB3,900,000
“Board”	board of Directors
“Changshu Honglue”	常熟宏略光伏電站開發有限公司 (Changshu Honglue Photovoltaic Power Plants Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“China Huadian”	China Huadian Corporation Limited* (中國華電集團有限公司), a company established in the PRC with limited liability and a PRC state-owned enterprise wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會)
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 295)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Dingbian County Zhixinda”	定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Directors”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve the Finance Lease Arrangement
“Finance Lease Agreement”	the finance lease agreement dated 27 February 2023 entered into between Dingbian County Zhixinda and Huadian Financial Leasing for the sale and the finance leasing arrangements in respect of the Leased Assets, the principal terms of which are summarized in the section headed “The Finance Lease Agreement” in this circular
“Finance Lease Arrangement”	the transactions contemplated under the Transaction Documents
“First Project Company”	濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Photovoltaic Power Generation Limited*), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huadian Financial Leasing”	華電融資租賃有限公司 (Huadian Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability
“Independent Third Party(ies)”	party(ies) who are independent of the Company and connected persons of the Company
“Kong Sun New Energy”	江山新能源投資(揚州)有限公司 (Kong Sun New Energy Investment (Yangzhou) Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Kong Sun Yongtai”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holding Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Latest Practicable Date”	23 March 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lease Period”	the lease period of 10 years commencing on the date of payment of the total consideration for the Leased Assets by Huadian Financial Leasing
“Leased Assets”	certain photovoltaic power generating equipment and ancillary facilities regarding a 50MW photovoltaic power plant located in Yulin City, Shaanxi Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	has the meaning ascribed to it under the paragraph headed “Lease payments” under the section headed “The Finance Lease Agreement” in this circular
“MW”	megawatts
“Photovoltaic Power Generation Project”	the photovoltaic power generation project located in Yulin City, Shaanxi Province, the PRC with planned construction capacity of 50MW
“PRC”	the People’s Republic of China, which for the purpose of this circular only excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC GAAP”	generally accepted accounting principles of the PRC
“Previous Disposals”	the 2021 Previous Disposals and the 2022 Previous Disposals
“RMB”	Renminbi, the lawful currency of the PRC
“Second Project Company”	寶豐縣鑫泰光伏電力科技開發有限公司 (Baofeng Xintai Photovoltaic Power Technology Development Limited*), a company established in the PRC with limited liability
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company
“State Grid Companies”	State Grid Corporation of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	collectively, the Finance Lease Agreement, the Advisory Service Agreement and the security and other ancillary agreements
“Xinhua Electricity”	新華電力發展投資有限公司 (Xinhua Electricity Development Investment Limited*), a company established in the PRC
“Xinjiang Chengshi”	新疆誠石易盛商貿有限公司 (Xinjiang Chengshi Yisheng Trading Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

Executive Directors:

Mr. Wang Shaoyuan (*Chief Financial Officer*)

Mr. Xian He

Non-executive Director:

Mr. Jiang Hengwen (*Chairman*)

Registered office and

Principal Place of Business:

Unit 803-4, 8/F,

Everbright Centre,

108 Gloucester Road,

Wanchai, Hong Kong

Independent non-executive Directors:

Ms. Tang Yinghong

Ms. Wu Wennan

Mr. Xu Xiang

28 March 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION – FINANCE LEASE ARRANGEMENT

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, further details of the Finance Lease Arrangement, the financial information of the Group, the notice convening the EGM and other information as required under the Listing Rules.

THE FINANCE LEASE AGREEMENT

On 27 February 2023, Dingbian County Zhixinda, as lessee, and Huadian Financial Leasing, as lessor, entered into the Finance Lease Agreement, pursuant to which Huadian Financial Leasing shall purchase the Leased Assets from Dingbian County Zhixinda for a total consideration of RMB260,000,000. The Leased Assets would then be leased back to Dingbian County Zhixinda for a term of 10 years. The ownership of the Leased Assets under the Finance Lease Agreement will

LETTER FROM THE BOARD

be vested in Huadian Financial Leasing throughout the Lease Period. Upon the expiry of the Lease Period and subject to payments by Dingbian County Zhixinda of all amounts due under the Finance Lease Agreement and no breach of the Finance Lease Agreement by Dingbian County Zhixinda (or such breach having been remedied despite its occurrence), Dingbian County Zhixinda shall be entitled to purchase the Leased Assets on an “as-is” basis at a nominal consideration of RMB1. On 27 February 2023, Dingbian County Zhixinda and Huadian Financial Leasing entered into the Advisory Service Agreement pursuant to which Huadian Financial Leasing agreed to provide to Dingbian County Zhixinda advisory services in relation to the analysis of the Photovoltaic Power Generation Project and the facilitation and co-ordination of the Finance Lease Arrangement for an advisory fee of RMB3,900,000.

A summary of the principal terms of the Finance Lease Agreement is set out below:

Sale and purchase arrangements and consideration

Pursuant to the Finance Lease Agreement, Dingbian County Zhixinda shall sell the Leased Assets to Huadian Financial Leasing for a total consideration of RMB260,000,000. The consideration shall be payable in cash by Huadian Financial Leasing to Dingbian County Zhixinda, which was determined after arm’s length negotiations between parties to the Finance Lease Agreement with reference to the prevailing market price of the Leased Assets and the Group’s financing needs. The consideration for the Leased Assets represents a premium of approximately 0.6% to the book value of the Leased Assets as at 31 December 2022. Based on the above, the Directors considered such consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The consideration shall be payable by Huadian Financial Leasing within 90 business days after the fulfillment of certain conditions precedent as set out in the Finance Lease Agreement.

Conditions precedent

Payment of the consideration under the Finance Lease Agreement is subject to fulfilment of the following conditions precedent:

- (a) the Finance Lease Agreement having taken effect and the receipt by Huadian Financial Leasing from Dingbian County Zhixinda of the internal authorization documents, approval (if any) and announcements (if any) required for the financing leasing business (including but not limited to the approval by the Shareholders in relation to the Finance Lease Arrangement in accordance with the requirements of the Listing Rules), the relevant approval by the competent authorities required for the transactions contemplated under the Finance Lease Agreement and all other documents that Huadian Financial Leasing considers should be provided by Dingbian County Zhixinda;

LETTER FROM THE BOARD

- (b) the relevant guarantee and security agreements and other relevant legal documents in connection with the Finance Lease Agreement having been executed and taken effect; and the receipt by Huadian Financial Leasing from the guarantor of the internal authorization documents, approval (if any) and announcements (if any) required for the aforesaid guarantee and security, all other documents that Huadian Financial Leasing considers should be provided by the guarantor and the relevant proof of registration of the aforesaid guarantee and security (if applicable);
- (c) the completion of the relevant registration procedures in relation to the Finance Lease Agreement and the Leased Assets;
- (d) the receipt by Huadian Financial Leasing from Dingbian County Zhixinda of the relevant invoice and documents for the Leased Assets and advisory service fees;
- (e) the receipt and acceptance by Huadian Financial Leasing from Dingbian County Zhixinda of (i) the payment notice and (ii) the payment schedule of the lease payment;
- (f) the Leased Assets having been insured in accordance with the Finance Lease Agreement and Huadian Financial Leasing shall be the first beneficiary of the relevant insurance;
- (g) Changshu Honglue having pledged its entire equity interest in Dingbian County Zhixinda to Huadian Financial Leasing and having completed the relevant registration procedures for such pledge to ensure Huadian Financial Leasing has obtained the first priority in the order of repayment for security interests in respect of such equity interest;
- (h) Dingbian County Zhixinda ceasing to undertake the joint and several guarantee in relation to certain loan and Huadian Financial Leasing has received an agreement in relation to this release of guarantee and has verified the relevant facts;
- (i) the provision of other information as requested by Huadian Financial Leasing;
- (j) there being no breach of the Finance Lease Agreement by Dingbian County Zhixinda;
- (k) there being no material adverse change in respect of Dingbian County Zhixinda, the relevant guarantor and the Leased Assets; and
- (l) there being no significant change in relation to the national fiscal, tax and financial regulatory policies and the financing cost.

None of the foregoing conditions precedent is waivable by the parties to the Finance Lease Agreement. As at the Latest Practicable Date, conditions precedent (e) and (i) set out above have been fulfilled.

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Lease back arrangements

Pursuant to the Finance Lease Agreement, Huadian Financial Leasing agreed to lease the Leased Assets back to Dingbian County Zhixinda for a term of 10 years.

Lease payments

Pursuant to the Finance Lease Agreement, the total estimated aggregate lease payments payable by Dingbian County Zhixinda to Huadian Financial Leasing shall be approximately RMB349,842,000 in 40 quarterly instalments, being the principal lease cost of RMB260,000,000 plus the estimated aggregate interest of approximately RMB89,842,000. The estimated interests are calculated at a floating rate determined with reference to the loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China (the "LPR") on 22 October 2022 at 4.3% (which was the most recent LPR for the parties to the Finance Lease Agreement to make reference to when they started negotiating the Finance Lease Agreement) for the first 4 instalments and at such rate plus 110 basis point for the subsequent instalments. As at the Latest Practicable Date, the LPR remained the same as the LPR on 22 October 2022 (i.e. 4.3%). Following the payment of the 4th instalment of the lease payments, the lease interest rate shall be adjusted on 2nd January of each calendar year during the Lease Period by reference to the corresponding change of the most recent LPR before the adjustment date. Dingbian County Zhixinda intends to finance the total lease payments by using the Group's internal resources.

The estimated aggregate lease payments under the Finance Lease Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement with reference to the principal amounts of the lease or the consideration for the Leased Assets under the Finance Lease Agreement and the prevailing market interest rate for finance lease of comparable assets.

Ownership of the Leased Assets

During the Lease Period, the ownership of the Leased Assets under the Finance Lease Agreement will be vested in Huadian Financial Leasing and Dingbian County Zhixinda has the rights to use the Leased Assets. Upon the expiry of the Lease Period and subject to payments by Dingbian County Zhixinda of all amounts due under the Finance Lease Agreement and no breach of the Finance Lease Agreement by Dingbian County Zhixinda (or such breach having been remedied despite its occurrence), Dingbian County Zhixinda shall be entitled to purchase the Leased Assets on an "as-is" basis at a nominal consideration of RMB1.

Guarantee and security arrangement

The obligations of Dingbian County Zhixinda under the Finance Lease Agreement and the Advisory Service Agreement shall be secured by the pledge in respect of the Leased Assets, the equity interest in Dingbian County Zhixinda and receivables of Dingbian County Zhixinda and the relevant obligations of Dingbian County Zhixinda will also be guaranteed by Kong Sun Yongtai.

LETTER FROM THE BOARD

As at 31 December 2022, the value of the receivables of Dingbian County Zhixinda to be pledged was approximately RMB53,232,000.

The unaudited financial information of Dingbian County Zhixinda for each of the two financial years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 is set out below:

	For the year ended 31 December		For the six months ended 30 June
	2020	2021	2022
	(unaudited)	(unaudited)	(unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	48,426	43,814	24,232
Net profit before taxation	23,440	19,844	10,241
Net profit after taxation	21,668	18,650	9,902

As at 31 December 2022, the unaudited net asset value of Dingbian County Zhixinda was approximately RMB411,030,000.

Termination

Dingbian County Zhixinda may early terminate the Finance Lease Agreement without any penalty subject to the written consent of Huadian Financial Leasing and no breach of the Finance Lease Agreement by Dingbian County Zhixinda.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Transaction Documents and the transactions contemplated thereunder have been agreed under normal commercial terms and after arm's length negotiations between the relevant parties and provide the Group with general working capital. The Directors therefore consider that the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE LEASED ASSETS

As at 31 December 2022, the unaudited book value (prepared under the PRC GAAP) of the Leased Assets was approximately RMB258,565,000.

	For the year ended 31 December		For the six months ended
	2020	2021	30 June
	(unaudited)	(unaudited)	(unaudited)
	(RMB '000)	(RMB '000)	(RMB '000)
The profit before tax attributable to the Leased Assets	28,925	26,667	12,610
The profit after tax attributable to the Leased Assets	26,755	23,334	11,664

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENT AND USE OF PROCEEDS

It is expected that according to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Transaction Documents shall be accounted for as financing arrangements and therefore would not give rise to any gain or loss. After deducting the incidental costs attributable to the Finance Lease Arrangement, the Group will receive net disposal proceeds of approximately RMB255,500,000 under the Finance Lease Arrangement, which is expected to be used for general working capital by 31 December 2023.

Under the Finance Lease Arrangement, it is expected that (i) the total assets of the Group will increase to reflect the cash to be received from the sale proceeds of the Leased Assets and (ii) the total liabilities of the Group will increase by such proceeds to reflect the liability of the Group.

INFORMATION ON THE COMPANY, DINGBIAN COUNTY ZHIXINDA, CHANGSHU HONGLUE, KONG SUN NEW ENERGY AND KONG SUN YONGTAI

The Company is principally engaged in the investment in and operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services and asset management.

Dingbian County Zhixinda is a company established in the PRC and an indirect wholly-owned subsidiary of the Company and is principally engaged in solar power generation.

LETTER FROM THE BOARD

Changshu Honglue is a company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in solar power generation. As at the Latest Practicable Date, Dingbian County Zhixinda is wholly owned by Changshu Honglue.

Kong Sun New Energy is a company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Kong Sun Yongtai is a company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in the investment and operation of solar power plants.

INFORMATION ON HUADIAN FINANCIAL LEASING

Huadian Financial Leasing is a financial leasing company established with approval by Tianjin Commission of Commerce in the PRC. Huadian Financial Leasing is principally engaged in the finance lease and factoring businesses. Pursuant to the Measures for the Administration of Foreign-funded Lease Industry* (《外商投資租賃業管理辦法》), Huadian Financial Leasing may provide direct lease, sublease, leaseback, leveraged lease, trust lease, joint lease and different types of finance lease services to China Huadian and its member companies. Huadian Financial Leasing is a subsidiary of China Huadian, and its equity interest is owned as to 80.01% by China Huadian as at the Latest Practicable Date.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Huadian Financial Leasing and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement is 25% or more but all of them are lower than 75%, the entering into of the Finance Lease Arrangement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice of the EGM to be held at Unit 803-4, 8/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong on Tuesday, 18 April 2023 at 11:00 a.m., at which an ordinary resolution will be proposed to approve the Transaction Documents and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Whether or not you propose to attend the meeting, you are requested to read the notice of EGM and complete the accompanying form of proxy, which is enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish. Pursuant to the Listing Rules, any Shareholder who has a material interest in the Finance Lease Arrangement and his/her/its close associates is/are required to abstain from voting on the relevant resolution at the EGM.

As at the Latest Practicable Date, insofar as the Company is aware, no Shareholder has any material interest in the Finance Lease Arrangement. Hence, no Shareholder is required to abstain from voting on the resolution in relation to the Finance Lease Arrangement at the EGM. As none of the Director is interested in the Finance Lease Arrangement, no Director has abstained from voting on the relevant Board resolutions approving the Finance Lease Arrangement.

RECOMMENDATION

The Directors consider that the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction Documents and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Kong Sun Holdings Limited
Mr. Jiang Hengwen
Chairman and non-executive Director

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2022 and the three years ended 31 December 2019, 2020 and 2021 are set out in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (www.kongsun.com):

- the audited consolidated financial statements of the Group for the year ended 31 December 2019 have been set out on pages 81 to 196 of the 2019 annual report of the Company published on 27 April 2020. Please also see below the link to the 2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701218.pdf>

- The audited consolidated financial statements of the Group for the year ended 31 December 2020 have been set out on pages 81 to 202 of the 2020 annual report of the Company published on 20 April 2021. Please also see below the link to the 2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000331.pdf>

- The audited consolidated financial statements of the Group for the year ended 31 December 2021 have been set out on pages 79 to 192 of the 2021 annual report of the Company published on 26 April 2022. Please also see below the link to the 2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042601962.pdf>

- The unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 have been set out on pages 31 to 74 of the 2022 interim report of the Company published on 16 September 2022. Please also see below the link to the 2022 interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0916/2022091600345.pdf>

2. WORKING CAPITAL

The Directors, after due and careful consideration and taking into account the proceeds from the Finance Lease Arrangement, the timely settlement of certain of the Group's renewable energy subsidy receivables from the State Grid Companies on the expected dates, present internal resources and banking and other facilities and the net proceeds from the successful completion of the Previous Disposals, are of the opinion that the Group would have sufficient working capital for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2023, being the latest practicable date for the purpose of this statement of indebtedness, the Group's indebtedness includes secured loans and borrowings which amounted to approximately RMB1,891,788,000 and unsecured corporate bonds which amounted to approximately RMB15,279,000 and lease liabilities amounted to approximately RMB133,280,000.

The Group's loans and borrowings were secured by its assets, including solar power plants, trade receivables, lease prepayments, financial assets measured at fair value through other comprehensive income and the equity interests of certain subsidiaries.

As at 31 January 2023, the Group's lease liabilities amounted to approximately RMB133,280,000 in relation to the remaining lease terms of certain lease contracts, which is unsecured and unguaranteed.

The Directors confirm that, as of 31 January 2023, being the latest practicable date for the purpose of this statement of indebtedness, save as disclosed above, the Group did not have any issued and outstanding, or authorised or otherwise created but unissued debt securities, term loans, other borrowings, indebtedness, mortgages and charges, contingent liabilities and guarantees.

The Directors confirm that, save as disclosed above, there have been no material changes in the indebtedness or contingent liabilities of the Group as at the Latest Practicable Date.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is mainly engaged in investment in and the operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services and asset management.

In the long run, by focusing on clean energy and green finance, the Group will continue to develop its solar power generation business, optimise its operation mode and enhance the efficiency of equipment in solar power plants. Through integration of industry and finance, it will also improve its operational efficiency, so as to drive the development of green and low-carbon energy in China and make positive contributions to environmental protection.

It is expected that by entering into the Finance Lease Arrangement, the Group will be able to recycle capital, reduce its finance costs and mitigate the pressure on project financing.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund for the construction of solar power plant while the recovery of capital investment takes a long period of time. To cope with the gearing risk, the Group will pay close attention to the market dynamics, and to avoid any unfavorable changes to the Group.

Given the Group highly relies on external financing in order to obtain investment capital for new solar power plants development, any interest rate changes will have impact on the Group's capital expenditure and finance costs, hence, affecting the Group's operating results.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as the information disclosed in the inside information announcement of the Company dated 23 March 2023, there has been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

Interest in underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares held/ interested in	Total	Approximate percentage of shareholding
<i>Executive Director</i>				
Xian He	Beneficial owner	1,650,000	7,125,000	0.05%
	Interest of spouse ⁽¹⁾	5,475,000		

Note:

- (1) 5,475,000 Shares are held by Ms. He Xiang, who is the wife of Mr. Xian He. Therefore, Mr. Xian He is deemed to be interested in a long position of an aggregate of 5,475,000 Shares held by Ms. He Xiang under the SFO.

Save as disclosed above, as at the Latest Practical Date, none of the Directors and chief executive of the Company, or their respective associate, had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or, as recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company or the Stock Exchange under the Model Code.

(b) Substantial Shareholders' Interests

So far as is known to any Director, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the Shares or underlying Shares of the Company would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares or underlying Shares held ⁽³⁾	Percentage of shareholding ⁽²⁾
Miao Yu	Deemed interest in controlled corporation ⁽¹⁾	4,169,300,000 (L)	27.86%
Prospect Ace Limited	Beneficial owner ⁽¹⁾	4,169,300,000 (L)	27.86%
Xiang Jun	Beneficial owner	756,831,000 (L)	5.06%

Notes:

- (1) Miao Yu owns 100% equity interest of Prospect Ace Limited. Accordingly, Miao Yu is deemed to be interested in a long position of an aggregate of 4,169,300,000 Shares held by Prospect Ace Limited.
- (2) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at the Latest Practicable Date, being 14,964,442,519 Shares.
- (3) The letter "L" denotes the person's long position in such securities.

Save as disclosed above and as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

None of the Directors or proposed Directors was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

No Director and/or his/her respective close associates had a material interest, either directly or indirectly, in any contract or arrangement subsisting at the date of this circular which is significant in relation to the the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors, the proposed Directors nor their respective close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (a) the Transaction Documents;
- (b) the finance lease agreement dated 7 March 2023 entered into between 嵊州懿暉光伏發電有限公司 (Shengzhou Yihui Photovoltaic Power Generation Limited*), an indirect wholly owned subsidiary of the Company (“**Shengzhou Yihui**”), and 國銀金融租賃股份有限公司 (China Development Bank Financial Leasing Co., Ltd.*) (“**CDB Leasing**”), pursuant to which CDB Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding a 19.8MW photovoltaic power plant located in Sanjie Town, Shaoxing City, Zhejiang Province, the PRC from Shengzhou Yihui for a total consideration of RMB110,000,000 and lease such assets to Shengzhou for a term of 12 years for the total estimated aggregate lease payments of approximately RMB153,486,000;

- (c) the finance lease agreement dated 12 December 2022 entered into between 大同市皖銅新能源有限公司 (Datong Wantong New Energy Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company (“**Datong Wantong**”), and 河北省金融租賃有限公司 (Hebei Financial Leasing Co., Ltd.*) (“**Hebei Financial Leasing**”), pursuant to which Hebei Financial Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding a 20MW photovoltaic power plant located in Datong City, Shanxi Province, the PRC from Datong Wantong for a total consideration of RMB80,000,000 and lease such assets to Datong Wantong for a term of 10 years for the total estimated aggregate lease payments of approximately RMB108,387,000;
- (d) the partnership agreement dated 11 November 2022 entered into by and among Kong Sun Yongtai, 上海仟榮臻投資諮詢有限公司 (Shanghai Qianrongzhen Investment Consultancy Co., Ltd.*) and 西藏玄彤投資有限公司 (Xizang Xuantong Investment Co., Ltd.*) as limited partners, 深圳市前海榮泰新能源投資管理有限公司 (Shenzhen Shenzhen Shentai New Energy Investment Management Co., Ltd.*) as a general partner and 霍爾果斯江山華飛利如股權投資有限公司 (Khorghos Jiangshan Huafei Liru Investment Equity Management Co., Ltd.*) as a general partner and executive partner in relation to the formation of 北京紅楓新能源合夥企業 (有限合夥) (Beijing Hong Kong New Energy Investment Partnership (Limited Partnership)*), pursuant to which a capital commitment of RMB200,000,000 was to be contributed by Kong Sun Yongtai, representing approximately 90.10% of the total capital contribution in such limited partnership;
- (e) the loan agreement dated 1 November 2022 entered into between Kong Sun Yongtai as the lender and 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*), an associate of the Company which is indirectly owned as to 37.6% equity interest by BD Technology Limited, a wholly-owned subsidiary of the Company, as the borrower, pursuant to which Kong Sun Yongtai agreed to grant the loan in the principal amount of RMB120,000,000 to the borrower at an interest rate of 9% per annum for a term of 36 months;
- (f) the equity transfer agreement dated 25 March 2022 entered into by and among 中原新華水利水電投資有限公司 (Zhongyuan Xinhua Water Resources and Hydropower Investment Limited*) (“**Zhongyuan Xinhua**”), Kong Sun Yongtai and the First Project Company in relation to the disposal of the entire equity interests of the First Project Company for a total consideration of RMB34,400,000;
- (g) the equity transfer agreement dated 25 March 2022 entered into by and among Kong Sun Yongtai, Zhongyuan Xinhua and the Second Project Company in relation to the disposal of 50% equity interests of the Second Project Company held by Kong Sun Yongtai and the rights of Kong Sun Yongtai as the ultimate beneficial owner of the Second Project Company for a total consideration of RMB84,275,000;

- (h) the disposal agreements dated 2 November 2021 entered into between, among others, Kong Sun Yongtai, Xinjiang Chengshi and Xinhua Electricity in relation to the 2021 Previous Disposals for a total consideration of RMB242,130,000; and
- (i) the disposal agreements dated 10 July 2021 entered into between, among others, Kong Sun Yongtai, Jiaxing Shengshi Limited Partnership, Changshu Honglue and Suzhou Junsheng Limited Partnership (as the case may be) and Xinhua Electricity in relation to the disposals of the entire equity interests of 金塔縣永嘉新能源有限公司(Jinta Yongjia New Energy Limited*), 甘肅宏遠光電有限責任公司 (Gansu Hongyuan Photovoltaic Limited*), 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited Company*), 化隆縣瑞啟達新能源有限公司 (Hualong County Ruiqida New Energy Limited*), 黃驊市正陽新能源有限公司(Huanghua Zhengyang New Energy Limited*), 嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Co. Ltd.*) and 臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Co., Ltd.*) for a total consideration of RMB1,285,814,000.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Ching Kin Wai, who is a member of the Hong Kong Institute of Certified Public Accountants;
- (b) The registered office and the principal place of business of the Company is at Unit 803-4, 8/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong;
- (c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

10. DOCUMENTS ON DISPLAY

Copies of the Transaction Documents will be available on display online on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (www.kongsun.com) for a period of 14 days from the date of this circular.

NOTICE OF THE EGM



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Kong Sun Holdings Limited (the “Company”) will be held at Unit 803-4, 8/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong on Tuesday, 18 April 2023 at 11:00 a.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular dated 28 March 2023 of the Company.

1. **“THAT:**

- (i) the Transaction Documents (copies of which have been tabled at the meeting marked “A” and signed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed; and
- (ii) any one Director be and is authorised to do all such things and take all such actions as he or she may consider necessary or desirable to implement and/or give effect to the Transaction Documents and the transactions contemplated thereunder.”

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

Hong Kong, 28 March 2023

NOTICE OF THE EGM

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be an individual) to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be lodged with the Company's share registrar, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.

As of the date of this notice, the Board comprises two executive Directors, Mr. Wang Shaoyuan and 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.