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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 Monday, 29 May 2023 at 10:00 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 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
“Board”	board of Directors
“CDB Leasing”	國銀金融租賃股份有限公司 (China Development Bank Financial Leasing Co., Ltd.*), a joint stock company established in the PRC with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 01606)
“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
“Datang Finance Leasing”	大唐融資租賃有限公司 (Datang Finance Leasing Limited*), a company established in the PRC with limited liability
“Datang Finance Leasing Arrangement”	the existing finance lease arrangement between Hefei Lvju yuan and Datang Finance Leasing, with the outstanding amount of approximately RMB82,474,000 due from Hefei Lvju yuan to Datang Finance Leasing
“Director(s)”	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
“Existing Pledges”	the existing pledges of the entire equity interest in Hefei Lvju yuan by Hefei Liuyuan and the Leased Assets in favour of Datang Finance Leasing to secure the Datang Finance Leasing Arrangement

DEFINITIONS

“Finance Lease Agreement”	the finance lease agreement dated 12 April 2023 entered into between Hefei Lvjuyuan, as lessee, and CDB Leasing, as lessor, for the Leased Assets for a total consideration of RMB200,000,000
“Finance Lease Arrangement”	the transactions contemplated under the Transaction Documents
“First Consideration”	the first tranche of the consideration payment of approximately RMB82,474,000 (representing approximately 41.2% of the total consideration for the Leased Assets)
“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
“Hefei Liuyuan”	合肥流遠光伏發電投資有限公司 (Hefei Liuyuan Photovoltaic Power Generation Investment Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hefei Lvjuyuan”	合肥綠聚源光伏發電有限公司 (Hefei Lvjuyuan Photovoltaic Power Generation Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who are independent of the Company and connected persons 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
“Latest Practicable Date”	9 May 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 12 years commencing on the date of payment of the First Consideration by CDB Leasing

DEFINITIONS

“Leased Assets”	certain photovoltaic power generating equipment and ancillary facilities regarding two of the 20MW photovoltaic power plants located in Hefei City, Anhui Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	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
“MW”	megawatts
“Pledges”	collectively, (a) a pledge on the electricity bill receivables by Hefei Lvju Yuan (in the approximate amount of RMB24,330,000 as at 31 December 2022); (b) a pledge of the entire equity interest in Hefei Lvju Yuan by Hefei Liuyuan; and (c) a pledge on equipment and facilities relating to the Leased Assets in the approximate value of RMB224,684,000, all in favour of CDB Leasing
“PRC”	the People’s Republic of China
“PRC GAAP”	the generally accepted accounting principles of the PRC
“Previous Finance Lease Agreement”	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*), as lessee, and CDB Leasing, as lessor, for 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, details of which are set out in the Company’s announcement dated 7 March 2023
“Remaining Consideration”	the remaining tranche of the consideration payment of RMB117,526,000 (representing approximately 58.8% of the total consideration for the Leased Assets)
“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

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	collectively, the Finance Lease Agreement, the Tripartite Agreement and the relevant agreements relating to the Pledges
“Tripartite Agreement”	the agreement dated 12 April 2023 entered into by and among CDB Leasing, Datang Finance Leasing and Hefei Lvju Yuan in relation to the settlement of the outstanding amount due from Hefei Lvju Yuan to Datang Finance Leasing under the Datang Finance Leasing Arrangement
“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 Director:

Mr. Xian He

Non-executive Director:

Mr. Jiang Hengwen (*Chairman*)

Independent non-executive Directors:

Ms. Tang Yinghong

Ms. Wu Wennan

Mr. Xu Xiang

Registered office and

Principal Place of Business:

Unit 803-4, 8/F,

Everbright Centre,

108 Gloucester Road,

Wanchai, Hong Kong

11 May 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 12 April 2023, Hefei Lvjuyuan, as lessee, and CDB Leasing, as lessor, entered into the Finance Lease Agreement, pursuant to which CDB Leasing shall purchase the Leased Assets from Hefei Lvjuyuan for a total consideration of RMB200,000,000. The Leased Assets would then be leased back to Hefei Lvjuyuan during the Lease Period. The legal ownership of the Leased Assets under the Finance Lease Agreement will be vested in CDB Leasing throughout the Lease Period. At the end of the Lease Period and subject to payments by Hefei Lvjuyuan 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 Hefei Lvjuyuan.

LETTER FROM THE BOARD

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, CDB Leasing would purchase the Leased Assets from Hefei Lvjuyuan for a total consideration of RMB200,000,000. The consideration would be payable in cash by CDB Leasing to Hefei Lvjuyuan, which was determined after arm's length negotiations between parties to the Finance Lease Agreement by reference to the prevailing market price of the Leased Assets.

The total consideration would be payable by CDB Leasing in two tranches after the fulfillment of certain conditions precedent as set out in the Finance Lease Agreement.

Conditions precedent

Under the Finance Lease Agreement, the First Consideration would be payable by CDB Leasing to Hefei Lvjuyuan after fulfillment of the following conditions precedent, which are waivable by CDB Leasing (other than the condition in (a) below):

- (a) the Transaction Documents having been executed and the approval from the Shareholders having been obtained for the Finance Lease Agreement and the transactions contemplated under it;
- (b) completion of the relevant registration procedures to ensure that CDB Leasing has obtained the second ranking priority in respect of the Existing Pledges;
- (c) CDB Leasing having received the relevant documentary proof from Hefei Lvjuyuan for settling all amounts due by Hefei Lvjuyuan to Datang Finance Leasing under the Datang Finance Leasing Arrangement for the purpose of the release of the Existing Pledges;
- (d) CDB Leasing having received all relevant documentary evidence showing that the Leased Assets having been insured in accordance with the requirements of CDB Leasing; and
- (e) the provision of other information and completion of relevant procedures as requested by CDB Leasing.

Under the Finance Lease Agreement, the Remaining Consideration shall be payable by CDB Leasing after fulfillment of the following conditions precedent, which are waivable by CDB Leasing:

- (a) CDB Leasing having received documentary evidence showing the full release of the Existing Pledges;

LETTER FROM THE BOARD

- (b) within 30 days of the payment of the First Consideration by CDB Leasing, the completion of the relevant registration procedures in relation to the Pledges to ensure that CDB Leasing would have obtained the first priority in the Pledges; and
- (c) the receipt by CDB Leasing from Hefei Lvjuyuan of the relevant invoice and documents for the Leased Assets.

Lease back arrangements

Pursuant to the Finance Lease Agreement, CDB Leasing agreed to lease the Leased Assets back to Hefei Lvjuyuan for a term of 12 years.

Lease payments

Pursuant to the Finance Lease Agreement, the total estimated aggregate lease payments payable by Hefei Lvjuyuan to CDB Leasing shall be approximately RMB280,260,000 in 24 semi-annually instalments, being the principal lease cost of RMB200,000,000 plus the estimated aggregate interest of approximately RMB80,260,000. The estimated interests are calculated at a floating rate determined with reference to the LPR on 20 March 2023 at 4.3% plus 120 basis point. The lease interest rate shall be adjusted on 1st January of each calendar year during the Lease Period by reference to the corresponding change of the most recent LPR before the adjustment date. Hefei Lvjuyuan intends to finance the total lease payments by using the Group's internal resources.

The obligations of Hefei Lvjuyuan under the Finance Lease Agreement shall be secured by a corporate guarantee from Kong Sun Yongtai and the Pledges in favour of CDB Leasing.

Ownership of the Leased Assets

During the Lease Period, the legal ownership of the Leased Assets under the Finance Lease Agreement will be vested in CDB Leasing and Hefei Lvjuyuan will have the rights to use the Leased Assets. At the end of the Lease Period and subject to payments by Hefei Lvjuyuan 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 Hefei Lvjuyuan.

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.

Termination

Pursuant to the Finance Lease Agreement, Hefei Lvjuyuan may early terminate the Finance Lease Agreement without any penalty subject to the written consent of CBD Leasing and no occurrence of any breach of the Finance Lease Agreement by Hefei Lvjuyuan.

LETTER FROM THE BOARD

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.

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 RMB224,684,000.

	For the year ended	
	31 December	
	2021	2022
	(unaudited)	(unaudited)
	(RMB'000)	(RMB'000)
The profit before tax attributable to the Leased Assets	6,684	6,709
The profit after tax attributable to the Leased Assets	<u>5,849</u>	<u>5,871</u>

INFORMATION ON HEFEI LVJUYUAN

As at 31 December 2022, the unaudited book value (prepared under the PRC GAAP) of Hefei Lvjuyuan was approximately RMB75,406,000. The key financial information of Hefei Lvjuyuan prepared under the PRC GAAP for the two years ended 31 December 2022 is set out as follows:

	For the year ended	
	31 December	
	2021	2022
	(audited)	(unaudited)
	(RMB'000)	(RMB'000)
The profit before tax attributable to Hefei Lvjuyuan	1,541	4,011
The profit after tax attributable to Hefei Lvjuyuan	<u>1,541</u>	<u>4,011</u>

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENT AND USE OF PROCEEDS

It is expected that according to the HKFRS, the transactions contemplated under the Finance Lease Arrangement shall be accounted for as financing arrangements and therefore would not give rise to any gain or loss. As the interest rate of the Finance Lease Agreement is lower than that of the Datang Finance Lease Agreement, the reduction of finance cost will be beneficial to the Group as a whole. After deducting the incidental costs attributable to the Finance Lease Arrangement, the Group will receive net disposal proceeds of approximately RMB199,500,000 under the Finance Lease Arrangement. It is expected that the First Consideration will be used for settling all amounts due by Hefei Lvjuyuan to Datang Finance Leasing under the Datang Finance Leasing Arrangement for the purpose of the release of the Existing Pledges; and the Remaining Consideration will be used for general working capital of the Group by 31 December 2023.

INFORMATION ON THE COMPANY, KONG SUN YONGTAI, HEFEI LIUYUAN AND HEFEI LVJUYUAN

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.

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.

Hefei Liuyuan is a company established in the PRC and a direct wholly-owned subsidiary of the Company, which is principally engaged in solar power generation. As at the Latest Practicable Date, Hefei Liuyuan is wholly owned by Kong Sun Yongtai.

Hefei Lvjuyuan 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, Hefei Lvjuyuan is wholly owned by Hefei Liuyuan.

INFORMATION ON CDB FINANCIAL LEASING

CDB Leasing is a non-banking financial institution established in the PRC whose shares are listed on the main board of the Stock Exchange (Stock Code: 01606). CDB Leasing and its subsidiaries are principally engaged in providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, inclusive finance, new energy and manufacturing of high-end equipment. As at the Latest Practicable Date, CDB Leasing is held as to (i) approximately 64.40% interest by 國家開發銀行 (China Development Bank*) (“**CDB**”); (ii) approximately 6.29% interest by 天津航空有限責任公司 (Tianjin Airlines Co., Ltd.*) (“**Tianjin Airlines**”); and (iii) approximately 5.43% interest by 中國長江三峽集團有限公司 (China Three Gorges Corporation*) (“**CTG**”).

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CDB is a state-owned enterprise established in the PRC with limited liability. Based on publicly available information, CDB is held as to (i) approximately 36.54% interest by 中國財政部 (the Ministry of Finance of the PRC*); (ii) approximately 34.68% interest by 中國國務院 (the State Council of the PRC*) through 中央匯金投資有限責任公司 (Central Huijin Investment Ltd.*); and (iii) approximately 27.19% interest by 國家外匯管理局 (the State Administration of Foreign Exchange*) through 梧桐樹投資平台有限責任公司 (Buttonwood Investment Holding Company Ltd.*).

Tianjin Airlines is a company established in the PRC with limited liability. Based on publicly available information, Tianjin Airlines is held as to (i) approximately 48% interest by 海航集團有限公司 (HNA Group Company Ltd.*); (ii) approximately 47.82% interest by 海南航空控股股份有限公司 (Hainan Airlines Co., Ltd.*); and (iii) approximately 4.18% interest by 天津保稅區投資有限公司 (Tianjin Port Free Trade ZONE Investment Co., Ltd.*).

CTG is a state-owned enterprise established in the PRC with limited liability. Based on publicly available information, the ultimate beneficial owner is 國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council*).

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

INFORMATION ON DATANG FINANCE LEASING

Datang Finance Leasing is a company established in the PRC with limited liability, which is principally engaged in providing comprehensive leasing services. As at the Latest Practicable Date, Datang Finance Leasing is owned as to 40% by 中國大唐集團資本控股有限公司 (China Datang Group Capital Holding Limited*) (“**China Datang Capital**”); 20% by 大唐國際發電股份有限公司 (Datang International Power Generation Company Limited*) (“**Datang International Power**”), a company listed on the Stock Exchange (stock code: 00991); 20% by 中國大唐海外(香港)有限公司 (China Datang Overseas (Hong Kong) Limited*) (“**China Datang Overseas**”); and 20% by 大唐新能源(香港)有限公司 (Datang Renewables (H.K.) Company Limited) (“**Datang Renewables HK**”). Both of China Datang Capital and China Datang Overseas are wholly owned by 中國大唐集團有限公司 (China Datang Corporation Limited*) (“**China Datang Corporation**”), which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council. Datang International Power is owned as to 53.09% by China Datang Corporation and its subsidiaries. Datang Renewables HK is wholly owned by 中國大唐集團新能源股份有限公司 (China Datang Corporation Renewable Power Company Limited*), a company listed on the Stock Exchange (stock code: 1798).

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

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreement, when aggregated with the Previous Finance lease Agreement, is more than 25% but all of the applicable percentage ratios are lower than 75%, the entering into of the Finance Lease Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and the Finance Lease Arrangement 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 Monday, 29 May 2023 at 10:00 a.m., at which an ordinary resolution will be proposed to approve the Finance Lease Arrangement.

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.

LETTER FROM THE BOARD

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 three years ended 31 December 2020, 2021 and 2022 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 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 audited consolidated financial statements of the Group for the year ended 31 December 2022 have been set out on pages 88 to 196 of the 2022 annual report of the Company published on 26 April 2023. Please also see below the link to the 2022 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602663.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 March 2023, being the latest practicable date for the purpose of this statement of indebtedness, the Group's indebtedness includes secured loans and borrowings amounted to approximately RMB1,976,956,000, unsecured corporate bonds amounted to approximately RMB15,661,000 and lease liabilities amounted to approximately RMB133,814,000.

APPENDIX I FINANCIAL INFORMATION OF THE GROUP

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

As at 31 March 2023, the Group's lease liabilities amounted to approximately RMB133,814,000 in relation to the remaining lease terms of certain lease contracts, which is unsecured and unguaranteed.

The Directors confirm that, as of 31 March 2023, being the latest practicable date for the purpose of this statement of indebtedness, save as aforesaid, 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.

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, there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, 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 2022 (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 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 28 April 2023 entered into between 宿州旭強新能源工程有限公司 (Suzhou Xuqiang New Energy Engineering Limited*), an indirect wholly owned subsidiary of the Company (“**Suzhou Xuqiang**”), 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 Suzhou City, Anhui Province, the PRC from Suzhou Xuqiang for a total consideration of RMB80,000,000 and lease such assets to Suzhou Xuqiang for a term of 10 years for the total estimated aggregate lease payments of approximately RMB105,766,000;

- (c) the finance lease agreement dated 28 April 2023 entered into between 黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Limited*), an indirect wholly owned subsidiary of the Company (“**Huangshi Huangyuan**”), and Hebei Financial Leasing, pursuant to which Hebei Financial Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding a 30MW photovoltaic power plant located in Huangshi City, Hubei Province, the PRC from Huangshi Huangyuan for a total consideration of RMB90,000,000 and lease such assets to Huangshi Huangyuan for a term of 10 years for the total estimated aggregate lease payments of approximately RMB120,010,000;
- (d) the finance lease agreement dated 28 April 2023 entered into between 肥西中暉光伏發電有限公司 (Feixi Zhonghui Photovoltaic Power Limited*), an indirect wholly owned subsidiary of the Company (“**Feixi Zhonghui**”), and 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 Hefei City, Anhui Province, the PRC from Feixi Zhonghui for a total consideration of RMB100,000,000 and lease such assets to Feixi Zhonghui for a term of 10 years for the total estimated aggregate lease payments of approximately RMB133,251,000;
- (e) 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 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;
- (f) the finance lease agreement dated 27 February 2023 entered into between 定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited*), an indirect wholly owned subsidiary of the Company (“**Dingbian County**”), and 華電融資租賃有限公司 (Huadian Financial Leasing Co., Ltd.*) (“**Huadian Financial Leasing**”), pursuant to which Huadian Financial Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding a 50MW photovoltaic power plant located in Yulin City, Shaanxi Province, the PRC from Dingbian County for a total consideration of RMB260,000,000 and lease such assets to Dingbian County for a term of 10 years for the total estimated aggregate lease payments of approximately RMB349,842,000;

- (g) 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 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;
- (h) 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;
- (i) 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;
- (j) 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;
- (k) 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;
- (l) 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

- (m) 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 Monday, 29 May 2023 at 10:00 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 11 May 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, 11 May 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 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.