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## **KING STONE ENERGY GROUP LIMITED**

**金山能源集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00663)**

### **VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE: ACQUISITION OF TARGET**

This announcement is made by King Stone Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform its shareholders and potential investors about the latest business development of the Group.

Reference is made to the announcement of the Company dated 22 March 2021 regarding, among other matters, actively diversifying its businesses and investing into eco-friendly new energy, with one of its main focus on the technology research and development, equipment and product manufacturing, project investment and operation and management in the fields of solar energy.

#### **THE ACQUISITION**

On 22 June 2021, First Gain Global Limited, an indirect wholly-owned subsidiary of the Company as purchaser has completed acquisition of 100% of the issued share capital in SinoPower Solar Investment Co. Limited (the “**Target**”) from SinoPower Holding (Hong Kong) Co. Limited as vendor, which is an independent third party of the Company, for an aggregate cash consideration of HK\$8,000,000.

Following the completion of the acquisition of the Target, the Target will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE TARGET**

The Target is a limited liability company established in Hong Kong and is an integrated project developer and investor of distribution type of solar energy projects in Hong Kong. Currently, the Target has developed 3 rooftop solar projects with an on-grid power generation capacity of approximately 500 Kilo Watts and has a pipeline of solar projects with an on-grid power generation capacity approximately 20 Mega Watts. It has also worked with numerous property owners and land owners in Hong Kong for renewable energy investment projects, and is recognised as one of the leading solar market players in Hong Kong.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Board considers that the acquisition of the Target to be beneficial to the Group as it aligns with the Group's target in becoming a leading solar operator in the new energy market of Hong Kong and its business strategy of gradually diversifying into an integrated new energy company with a focus on eco-friendly energy. The Board also considers that the Target has great development potential, especially with its experience with projects in the solar power generation sector in Hong Kong and will synergise with the Group's existing and upcoming solar power generation projects.

Currently, the Group through its subsidiary, Chengde Shuntian Photovoltaic Power Generation Co., Ltd., operates a rooftop distributed solar power generation project in Chengde City, Hebei Province, the PRC, with an on-grid power generation capacity of approximately 4.085 Mega Watts. The Board believes the acquisition of the Target can enable the Group to instantly gain access to the developing, constructing and operating of distributed solar power generation projects in Hong Kong and can deliver steady revenue for the Group. The Board also considers that the terms of the acquisition of the Target are fair and reasonable, on normal commercial terms and the acquisition of the Target is in the interests of the Company and its shareholders as a whole.

After the acquisition of the Target, the Group shall continue to put emphasis on environmental, social and governance (ESG) and implementing new energy projects by itself or with potential cooperative partners by leveraging their respective expertise and resources in order to reduce carbon emissions to achieve carbon neutrality for cleaner environment as well as creating better returns for the shareholders and investors of the Company in the long term.

By order of the Board  
**King Stone Energy Group Limited**  
**Xu Zhuliang**  
*Chairman*

Hong Kong, 28 June 2021

*As at the date of this announcement, the executive Directors are Mr. Xu Zhuliang, Mr. Zong Hao and Ms. He Qing, and the independent non-executive Directors are Mr. Chiu Sui Keung, Mr. Lee Ping and Mr. Lee Kwok Wan.*