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).

江山控股
KongSun Holdings

KONG SUN HOLDINGS LIMITED
江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

VERY SUBSTANTIAL DISPOSAL DISPOSALS OF SIX SUBSIDIARIES INVOLVING PROVISION OF GUARANTEE AND FINANCIAL ASSISTANCE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 8 to 38 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 Wednesday, 20 September 2023 at 11:00 a.m. (the "**EGM**") 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.

31 August 2023

CONTENTS

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

"Board"	the 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 company established in the PRC with limited liability, the H-shares of which are listed on the Stock Exchange (stock code: 1606)
"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 and an indirect wholly-owned subsidiary of the Company
"CITIC Financial Leasing"	中信金融租賃有限公司 (CITIC Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability
"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
"Debts"	the First Debts, the Second Debts, the Third Debts, the Fourth Debts and the Fifth Debts
"Deliverable Items"	deliverable items including but not limited to the company seal, licenses, financial information, contract information, various equipment and facilities of the relevant Project Company
"Director(s)"	director(s) of the Company
"Disposal Agreements"	the First Agreement, the Second Agreement, the Third Agreement, the Fourth Agreement, the Fifth Agreement and the Sixth Agreement (each, a "**Disposal Agreement**")
"Disposals"	the First Disposal, the Second Disposal, the Third Disposal, the Fourth Disposal, the Fifth Disposal and the Sixth Disposal
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Disposals

"Escrow Account"	in respect of each Disposal Agreement, the bank account to be established under the joint control by the relevant Vendor and the Purchaser for holding the relevant instalment of the consideration pursuant to the terms of such Disposal Agreement
"Fifth Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Changshu Honglue and the Fifth Project Company in relation to the Fifth Disposal
"Fifth Completion Date"	the date of issuing the new business license of the Fifth Project Company in respect of the transfer of the Fifth Sale Equity Interest
"Fifth Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by the Fifth Project Company to Changshu Honglue
"Fifth Disposal"	the disposal of the Fifth Sale Equity Interest
"Fifth Guarantee"	the guarantee provided by Kong Sun Yongtai to secure the existing borrowings of the Fifth Project Company
"Fifth Project"	a 30 MW solar power plant owned by the Fifth Project Company in Shaanxi Province, the PRC
"Fifth Project Company"	定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
"Fifth Sale Equity Interest"	the entire equity interests in the Fifth Project Company
"First Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Tianhao New Energy and the First Project Company in relation to the First Disposal
"First Completion Date"	the date of issuing the new business license of the First Project Company in respect of the transfer of the First Sale Equity Interest
"First Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by the First Project Company to Tianhao New Energy
"First Disposal"	the disposal of the First Sale Equity Interest
"First Project"	a 30 MW solar power plant owned by the First Project Company in Shaanxi Province, the PRC

"First Project Company"	定邊縣萬和順新能源發電有限公司 (Dingbian Wanheshun New Energy Power Generation Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
"First Sale Equity Interest"	the entire equity interests in the First Project Company
"Fourth Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Changshu Honglue and the Fourth Project Company in relation to the Fourth Disposal
"Fourth Completion Date"	the date of issuing the new business license of the Fourth Project Company in respect of the transfer of the Fourth Sale Equity Interest
"Fourth Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by the Fourth Project Company to Changshu Honglue
"Fourth Disposal"	the disposal of the Fourth Sale Equity Interest
"Fourth Guarantee"	the guarantee provided by Kong Sun Yongtai to secure the existing borrowings of the Fourth Project Company
"Fourth Project"	a 19.8 MW "tea-photovoltaic complementary" solar power project owned by the Fourth Project Company in Zhejiang Province, the PRC
"Fourth Project Company"	嵊州懿暉光伏發電有限公司 (Shengzhou Yihui Photovoltaic Power Generation Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
"Fourth Sale Equity Interest"	the entire equity interests in the Fourth Project Company
"Group"	the Company and its subsidiaries
"Guarantees"	the Second Guarantee, the Third Guarantee, the Fourth Guarantee, the Fifth Guarantee and the Sixth Guarantee
"Hebei Financial Leasing"	河北省金融租賃有限公司 (Hebei Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability
"High Consumption Restriction"	限制高消費令, an indirect enforcement measure to limit high consumption of executee imposed by the people's courts of the PRC

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Kong Sun Yongtai"	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"kwh"	kilowatt-hour
"Latest Practicable Date"	28 August 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"List of Dishonest Enforcees"	失信被執行人名單, a list of persons who have been determined by the people's courts at all levels of the PRC to have the ability to perform but fail to perform the obligations according to an effective legal document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 October 2023
"MW"	mega watts
"PRC"	the People's Republic of China
"PRC GAAP"	the generally accepted accounting principles of the PRC
"Project Companies"	the First Project Company, the Second Project Company, the Third Project Company, the Fourth Project Company, the Fifth Project Company and the Sixth Project Company
"Purchaser"	新華電力發展投資有限公司 (Xinhua Electricity Development Investment Limited*), a company incorporated in the PRC
"Reference Date"	31 December 2022

"Remaining Group"	the Company and its subsidiaries after completion of the Disposals
"RMB"	Renminbi, the lawful currency of the PRC
"Second Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Kong Sun Yongtai and the Second Project Company in relation to the Second Disposal
"Second Completion Date"	the date of issuing the new business license of the Second Project Company in respect of the transfer of the Second Sale Equity Interest
"Second Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by the Second Project Company to Kong Sun Yongtai
"Second Disposal"	the disposal of the Second Sale Equity Interest
"Second Guarantee"	the guarantee provided by Kong Sun Yongtai to secure the existing borrowings of the Second Project Company
"Second Project"	a 30 MW grid-connected solar power plant owned by the Second Project Company in Huangshi City, the PRC
"Second Project Company"	黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
"Second Sale Equity Interest"	the entire equity interests in the Second Project Company
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Shares"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Sixth Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Changshu Honglue and the Sixth Project Company in relation to the Sixth Disposal
"Sixth Completion Date"	the date of issuing the new business license of the Sixth Project Company in respect of the transfer of the Sixth Sale Equity Interest

"Sixth Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by Changshu Honglue to the Sixth Project Company
"Sixth Disposal"	the disposal of the Sixth Sale Equity Interest
"Sixth Guarantee"	the guarantee provided by Kong Sun Yongtai to secure the existing borrowings of the Sixth Project Company
"Sixth Project"	a 50 MW solar power plant owned by the Sixth Project Company in Shannxi Province, the PRC
"Sixth Project Company"	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 a subsidiary of the Company as at the Latest Practicable Date
"Sixth Sale Equity Interest"	the entire equity interests in the Sixth Project Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidies Receivable"	the state renewable energy subsidies receivable by the relevant Project Company from the State Grid Corporation of China as at the Reference Date
"Third Agreement"	the equity transfer agreement dated 11 August 2023 entered into by and among the Purchaser, Kong Sun Yongtai and the Third Project Company in relation to the Third Disposal
"Third Completion Date"	the date of issuing the new business license of the Third Project Company in respect of the transfer of the Third Sale Equity Interest
"Third Debts"	the net outstanding loans, advances, interests (if any) and other sums owed by the Third Project Company to Kong Sun Yongtai
"Third Disposal"	the disposal of the Third Sale Equity Interest
"Third Guarantee"	the guarantee provided by Kong Sun Yongtai to secure the existing borrowings of the Third Project Company
"Third Project"	a 30 MW solar power plant owned by the Third Project Company in Shaanxi Province, the PRC

"Third Project Company"	榆林正信電力有限公司 (Yulin Zhengxin Electricity Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
"Third Sale Equity Interest"	the entire equity interests in the Third Project Company
"Tianan Life Insurance"	天安人壽保險股份有限公司 (Tianan Life Insurance Co., Ltd.*), a company established in the PRC with limited liability
"Tianhao New Energy"	常州市金壇區天昊新能源有限公司 (Changzhou City Jintan Tianhao New Energy Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"Transition Period"	in respect of each Disposal, the period from (but excluding) the Reference Date to (and including) the date of completion of such Disposal
"Transition Period Audit"	an audit to be performed by an auditor engaged by the Purchaser with respect to each Project Company for the Transition Period
"Vendors"	Tianhao New Energy, Kong Sun Yongtai and Changshu Honglue, and each a "Vendor"
"%"	per cent.

* *For identification purposes only*

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

31 August 2023

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
DISPOSALS OF SIX SUBSIDIARIES
INVOLVING PROVISION OF GUARANTEE
AND FINANCIAL ASSISTANCE**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 August 2023 in relation to the Disposals. The purpose of this circular is to provide you with, among other things, further details of the Disposals, the financial information of the Group, the financial information and the valuation report of the Project Companies, the notice convening the EGM and other information as required under the Listing Rules.

THE DISPOSALS

On 11 August 2023, the Vendors (wholly-owned subsidiaries of the Company), the Purchaser and the Project Companies, among others, entered into the Disposal Agreements, pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire equity interests in the Project Companies (which hold in total six (6) solar power projects in the PRC) for a total consideration of approximately RMB758,028,000. The Company agreed to guarantee the obligations of the Vendors under the Disposal Agreements in favour of the Purchaser.

The principal terms of each of the Disposal Agreements are summarised as follows:

(A) The First Agreement

Subject matter

On 11 August 2023, Tianhao New Energy, the Purchaser and the First Project Company entered into the First Agreement, pursuant to which Tianhao New Energy conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the First Sale Equity Interest. The Company agreed to guarantee the obligations of Tianhao New Energy under the First Agreement in favour of the Purchaser and the First Project Company.

Consideration

The consideration for the First Disposal is approximately RMB607,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of RMB200,000, representing approximately 32.9% of the consideration for the First Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the First Disposal and shall then be transferred to the designated bank account of Tianhao New Energy within five (5) business days after the First Completion Date; and

(b) the balance of approximately RMB407,000, representing approximately 67.1% of the consideration for the First Disposal, shall be paid to Tianhao New Energy within fifteen (15) business days after the First Project having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

Repayment of the First Debts

As at the Reference Date, the First Project Company had outstanding First Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB312,945,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within fifteen (15) business days after the First Completion Date for the parties' confirmation, and the official report will be issued within five (5) business days after such confirmation.

The outstanding First Debts based on the Transition Period Audit report shall be payable by the First Project Company to Tianhao New Energy in cash in the following manner:

(a) an amount of approximately RMB50,618,000 shall be paid within five (5) business days after the issue of the official Transition Period Audit report;

(b) a total amount of RMB3,015,000, which is equivalent to the total costs of certain rectification works of the First Project undertaken to be carried out and completed by Tianhao New Energy within six (6) months after the First Completion Date, shall be paid to Tianhao New Energy within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the First Completion Date;

(c) (provided that the First Project has passed the relevant verification procedures and has been included in the list of projects qualified for state renewable energy subsidies published by the relevant PRC authority) within ten (10) business days after the issue of the Transition Period Audit report (in respect of the Subsidies Receivable received before the First Completion Date) and within ten (10) business days every time the First Project Company receives the Subsidies Receivable after the First Completion Date, an amount equivalent to such Subsidies Receivable received by the First Project Company, adding up to a total amount of approximately RMB14,022,000, shall be paid to Tianhao New Energy;

(d) an amount of approximately RMB212,849,000 shall be paid within fifteen (15) business days after the First Project has passed the relevant verification process and become included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority; and

(e) the balance of approximately RMB32,441,000 shall be paid within fifteen (15) business days after the Third Project has passed the relevant verification process and become included in the list of projects qualified for state renewable energy subsidies as published by the relevant authority.

The First Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies. Taking into account the uncertainty in the timing of receipt of such subsidies and based on the commercial negotiations with the Purchaser, the Directors consider that it would be fair and reasonable not to charge any interest on the outstanding First Debts.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the First Disposal pursuant to the terms of the First Agreement or the First Project Company fails to repay any instalment of the First Debts pursuant to the terms of the First Agreement, the Purchaser and/or the First Project Company (as the case may be) shall be liable to pay to Tianhao New Energy a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Tianhao New Energy shall be entitled to terminate the First Agreement, upon which all the payments made by the Purchaser and the First Project Company shall be refunded and the Purchaser shall pay to Tianhao New Energy a default payment of approximately RMB61,000, representing 10% of the consideration for the First Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the First Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the First Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the First Debts) having been obtained in accordance with the Listing Rules;

(b) the representations, warranties and undertakings provided by Tianhao New Energy in the First Agreement being and remaining true, complete and accurate in all material respects as at the date of the First Agreement and the First Completion Date;

(c) the litigation and arbitration cases of the First Project Company as debtor having been closed, executed and performed completely, the High Consumption Restriction imposed on the First Project Company having been lifted, and the First Project Company having been removed from the List of Dishonest Enforcees; and

(d) the obligations of the First Project Company as guarantor for the indebtedness of the Third Project Company owing to CITIC Financial Leasing having been released.

Tianhao New Energy shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the First Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Tianhao New Energy to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the First Agreement, any profits generated in the ordinary course of business of the First Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the First Project Company during the Transition Period shall be borne by Tianhao New Energy. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the First Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Tianhao New Energy shall ensure that, among other things, the First Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the First Sale Equity Interest without the prior written consent of the Purchaser.

(B) The Second Agreement

Subject matter

On 11 August 2023, Kong Sun Yongtai, the Purchaser and the Second Project Company entered into the Second Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Second Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai under the Second Agreement in favour of the Purchaser and the Second Project Company.

Consideration

The consideration for the Second Disposal is approximately RMB40,529,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of RMB1,000,000, representing approximately 2.5% of the consideration for the Second Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the Second Disposal and shall then be transferred to the designated bank account of Kong Sun Yongtai within five (5) business days after the Second Completion Date;

(b) within ten (10) business days upon each receipt by the Second Project Company of the Subsidies Receivable, an equivalent amount shall be paid to Kong Sun Yongtai, adding up to a total amount of approximately RMB8,507,000, representing approximately 21.0% of the consideration for the Second Disposal; and

(c) the balance of approximately RMB31,022,000, representing approximately 76.5% of the consideration for the Second Disposal, shall be paid to Kong Sun Yongtai within fifteen (15) business days after (i) the Second Project having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority and the on-grid electricity price is at a pre-determined price, or (ii) the Second Project Company having received the first batch of state renewable energy subsidies.

Repayment of the Second Debts

As at the Reference Date, the Second Project Company had outstanding Second Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB128,538,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within fifteen (15) business days after the Second Completion Date for the parties' confirmation, and the official report will be issued within five (5) business days after such confirmation.

The outstanding Second Debts based on the Transition Period Audit report shall be payable by the Second Project Company to Kong Sun Yongtai in cash in the following manner:

(a) an amount of approximately RMB29,222,000 shall be paid within five (5) business days after the issue of the official Transition Period Audit report;

(b) a total amount of RMB6,174,000, which is equivalent to the total costs of certain rectification works of the Second Project undertaken to be carried out and completed by Kong Sun Yongtai within six (6) months after the Second Completion Date, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the Second Completion Date; and

(c) the balance of approximately RMB93,142,000 shall be paid within fifteen (15) business days after (i) the Second Project having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority and the on-grid electricity price is at a pre-determined price, or (ii) the Second Project Company having received the first batch of state renewable energy subsidies.

The Second Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies. Taking into account the uncertainty in the timing of receipt of such subsidies and based on the commercial negotiations with the Purchaser, the Directors consider that it would be fair and reasonable not to charge any interest on the outstanding Second Debts.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the Second Disposal pursuant to the terms of the Second Agreement or the Second Project Company fails to repay any instalment of the Second Debts pursuant to the terms of the Second Agreement, the Purchaser and/or the Second Project Company (as the case may be) shall be liable to pay to Kong Sun Yongtai a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Kong Sun Yongtai shall be entitled to terminate the Second Agreement, upon which all the payments made by the Purchaser and the Second Project Company shall be refunded and the Purchaser shall pay to Kong Sun Yongtai a default payment of approximately RMB4,053,000, representing 10% of the consideration for the Second Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the Second Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the Second Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the Second Guarantee and the Second Debts) having been obtained in accordance with the Listing Rules;

(b) the representations, warranties and undertakings provided by Kong Sun Yongtai in the Second Agreement being and remaining true, complete and accurate in all material respects as at the date of the Second Agreement and the Second Completion Date; and

(c) the freezing order over the Second Sale Equity Interest imposed by the PRC court having been discharged.

Kong Sun Yongtai shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the Second Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Kong Sun Yongtai to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the Second Agreement, any profits generated in the ordinary course of business of the Second Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the Second Project Company during the Transition Period shall be borne by Kong Sun Yongtai. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Second Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the Second Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the Second Sale Equity Interest without the prior written consent of the Purchaser.

Release of the Second Guarantee

As at 30 June 2023, the amount covered under the Second Guarantee is approximately RMB63,730,000, which is equivalent to the amount of the existing borrowing due by the Second Project Company to Hebei Financial Leasing. Pursuant to the Second Agreement, by no later than ninety (90) days after the Second Completion Date, the Purchaser shall procure the release of the Second Guarantee, failing which Kong Sun Yongtai shall be entitled to (1) a default payment payable by the Purchaser calculated at a daily rate of 0.05% based on the principal amount guaranteed; (2) rescind the Second Agreement; (3) a default payment payable by the Purchaser of approximately RMB4,053,000, representing 10% of the consideration for the Second Disposal; and (4) seek compensation from the Purchaser for the costs and expenses incurred by Kong Sun Yongtai as a result of the Purchaser's breach. In this case, the Company will assess the possible implications under the Listing Rules and make further disclosure as and when appropriate.

(C) The Third Agreement

Subject matter

On 11 August 2023, Kong Sun Yongtai, the Purchaser and the Third Project Company entered into the Third Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Third Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai under the Third Agreement in favour of the Purchaser and the Third Project Company.

Consideration

The consideration for the Third Disposal is approximately RMB52,858,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of RMB1,000,000, representing approximately 1.9% of the consideration for the Third Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the Third Disposal and shall then be transferred to the designated bank account of Kong Sun Yongtai within five (5) business days after the Third Completion Date;

(b) (provided that the Third Project has passed the relevant verification procedures and has been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority) within ten (10) business days after the issue of the Transition Period Audit report (in respect of the Subsidies Receivable received before the Third Completion Date) and within ten (10) business days every time the Third Project Company receives the Subsidies Receivable after the Third Completion Date, an amount equivalent to such Subsidies Receivable received by the Third Project Company, adding up to a total amount of approximately RMB11,136,000, shall be paid to Kong Sun Yongtai, representing approximately 21.1% of the consideration for the Third Disposal; and

(c) the balance of approximately RMB40,722,000, representing approximately 77.0% of the consideration for the Third Disposal, shall be paid within fifteen (15) business days after the Third Project having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

Repayment of the Third Debts

As at the Reference Date, the Third Project Company had outstanding Third Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB157,218,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within fifteen (15) business days after the Third Completion Date for the parties' confirmation, and the official report will be issued within five (5) business days after such confirmation.

The outstanding Third Debts based on the Transition Period Audit report shall be payable by the Third Project Company to Kong Sun Yongtai in cash in the following manner:

(a) a total amount of RMB3,762,000, which is equivalent to the total costs of certain rectification works of the Third Project undertaken to be carried out and completed by Kong Sun Yongtai within six (6) months after the Third Completion Date, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the Third Completion Date; and

(b) the balance of approximately RMB153,456,000 shall be paid within fifteen (15) business days after the Third Project having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

The Third Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies. Taking into account the uncertainty in the timing of receipt of such subsidies and based on the commercial negotiations with the Purchaser, the Directors consider that it would be fair and reasonable not to charge any interest on the outstanding Third Debts.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the Third Disposal pursuant to the terms of the Third Agreement or the Third Project Company fails to repay any instalment of the Third Debts pursuant to the terms of the Third Agreement, the Purchaser and/or the Third Project Company (as the case may be) shall be liable to pay to Kong Sun Yongtai a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Kong Sun Yongtai shall be entitled to terminate the Third Agreement, upon which all the payments made by the Purchaser and the Third Project Company shall be refunded and the Purchaser shall pay to Kong Sun Yongtai a default payment of approximately RMB5,286,000, representing 10% of the consideration for the Third Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the Third Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the Third Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the Third Guarantee and the Third Debts) having been obtained in accordance with the Listing Rules;

(b) the representations, warranties and undertakings provided by Kong Sun Yongtai in the Third Agreement being and remaining true, complete and accurate in all material respects as at the date of the Third Agreement and the Third Completion Date;

(c) the litigation and arbitration cases of the Third Project Company as debtor having been closed, executed and performed completely, the High Consumption Restriction imposed on the Third Project Company having been lifted, and the Third Project Company having been removed from the List of Dishonest Enforcees; and

(d) the obligations of the Third Project Company as guarantor for the indebtedness of the First Project Company owing to CITIC Financial Leasing having been released.

Kong Sun Yongtai shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the Third Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Kong Sun Yongtai to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the Third Agreement, any profits generated in the ordinary course of business of the Third Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the Third Project Company during the Transition Period shall be borne by Kong Sun Yongtai. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Third Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the Third Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the Third Sale Equity Interest without the prior written consent of the Purchaser.

Release of the Third Guarantee

As at 30 June 2023, the amount covered under the Third Guarantee is approximately RMB66,040,000, which is equivalent to the amount of the existing borrowing due by the Third Project Company to CITIC Financial Leasing. Pursuant to the Third Agreement, by no later than ninety (90) days after the Third Completion Date, the Purchaser shall procure the release of the Third Guarantee, failing which Kong Sun Yongtai shall be entitled to (1) a default payment payable by the Purchaser calculated at a daily rate of 0.05% based on the principal amount guaranteed; (2) rescind the Third Agreement; (3) a default payment payable by the Purchaser of approximately RMB5,286,000, representing 10% of the consideration for the Third Disposal; and (4) seek compensation from the Purchaser for the costs and expenses incurred by Kong Sun Yongtai as a result of the Purchaser's breach. In this case, the Company will assess the possible implications under the Listing Rules and make further disclosure as and when appropriate.

(D) The Fourth Agreement

Subject matter

On 11 August 2023, Changshu Honglue, the Purchaser and the Fourth Project Company entered into the Fourth Agreement, pursuant to which Changshu Honglue conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Fourth Sale Equity Interest. The Company agreed to guarantee the obligations of Changshu Honglue under the Fourth Agreement in favour of the Purchaser and the Fourth Project Company.

Consideration

The consideration for the Fourth Disposal is approximately RMB38,501,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of approximately RMB23,100,000, representing approximately 60.0% of the consideration for the Fourth Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the Fourth Disposal and shall then be transferred to the designated bank account of Changshu Honglue within five (5) business days after the Fourth Completion Date;

(b) an amount of approximately RMB13,611,000, representing approximately 35.4% of the consideration for the Fourth Disposal, shall be paid to Changshu Honglue within five (5) business days after the handover of the Deliverable Items related to the Fourth Project Company; and

(c) within ten (10) business days after the issue of the Transition Period Audit report (in respect of the Subsidies Receivable received before the Fourth Completion Date) and within ten (10) business days every time the Fourth Project Company receives the Subsidies Receivable after the Fourth Completion Date, an amount equivalent to such Subsidies Receivable received by the Fourth Project Company, adding up to a total amount of approximately RMB1,790,000, shall be paid to Changshu Honglue, representing approximately 4.6% of the consideration for the Fourth Disposal.

Repayment of the Fourth Debts

As at the Reference Date, the Fourth Project Company had outstanding Fourth Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB142,023,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within fifteen (15) business days after the Fourth Completion Date for the parties' confirmation, and the official report will be issued within five (5) business days after such confirmation.

The outstanding Fourth Debts based on the Transition Period Audit report shall be payable by the Fourth Project Company to Changshu Honglue in cash in the following manner:

(a) an amount of approximately RMB136,786,000 shall be paid within five (5) business days after the issue of the official Transition Period Audit report; and

(b) a total amount of RMB5,237,000, which is equivalent to the total costs of certain rectification works of the Fourth Project undertaken to be carried out and completed by Changshu Honglue within six (6) months after the Fourth Completion Date, shall be paid to Changshu Honglue within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the Fourth Completion Date.

The Fourth Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies. Taking into account the uncertainty in the timing of receipt of such subsidies and based on the commercial negotiations with the Purchaser, the Directors consider that it would be fair and reasonable not to charge any interest on the outstanding Fourth Debts.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the Fourth Disposal pursuant to the terms of the Fourth Agreement or the Fourth Project Company fails to repay any instalment of the Fourth Debts pursuant to the terms of the Fourth Agreement, the Purchaser and/or the Fourth Project Company (as the case may be) shall be liable to pay to Changshu Honglue a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Changshu Honglue shall be entitled to terminate the Fourth Agreement, upon which all the payments made by the Purchaser and the Fourth Project Company shall be refunded and the Purchaser shall pay to Changshu Honglue a default payment of approximately RMB3,850,000, representing 10% of the consideration for the Fourth Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the Fourth Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the Fourth Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the Fourth Guarantee and the Fourth Debts) having been obtained in accordance with the Listing Rules; and

(b) the representations, warranties and undertakings provided by Changshu Honglue in the Fourth Agreement being and remaining true, complete and accurate in all material respects as at the date of the Fourth Agreement and the Fourth Completion Date.

Changshu Honglue shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the Fourth Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Changshu Honglue to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the Fourth Agreement, any profits generated in the ordinary course of business of the Fourth Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the Fourth Project Company during the Transition Period shall be borne by Changshu Honglue. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Fourth Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Changshu Honglue shall ensure that, among other things, the Fourth Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the Fourth Sale Equity Interest without the prior written consent of the Purchaser.

Release of the Fourth Guarantee

As at 30 June 2023, the amount covered under the Fourth Guarantee is approximately RMB109,900,000, which is equivalent to the amount of the existing borrowing due by the Fourth Project Company to CDB Leasing. Pursuant to the Fourth Agreement, by no later than ninety (90) days after the Fourth Completion Date, the Purchaser shall procure the release of the Fourth Guarantee, failing which Changshu Honglue shall be entitled to (1) a default payment payable by the Purchaser calculated at a daily rate of 0.05% based on the principal amount guaranteed; (2) rescind the Fourth Agreement; (3) a default payment payable by the Purchaser of approximately RMB3,850,000, representing 10% of the consideration for the Fourth Disposal; and (4) seek compensation from the Purchaser for the costs and expenses incurred by Changshu Honglue as a result of the Purchaser’s breach. In this case, the Company will assess the possible implications under the Listing Rules and make further disclosure as and when appropriate.

(E) The Fifth Agreement

Subject matter

On 11 August 2023, Changshu Honglue, the Purchaser and the Fifth Project Company entered into the Fifth Agreement, pursuant to which Changshu Honglue conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Fifth Sale Equity Interest. The Company agreed to guarantee the obligations of Changshu Honglue under the Fifth Agreement in favour of the Purchaser and the Fifth Project Company.

Consideration

The consideration for the Fifth Disposal is approximately RMB256,185,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of approximately RMB17,652,000, representing approximately 6.9% of the consideration for the Fifth Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the Fifth Disposal and shall then be transferred to the designated bank account of Changshu Honglue within five (5) business days after the Fifth Completion Date;

(b) an amount of approximately RMB11,768,000, representing approximately 4.6% of the consideration for the Fifth Disposal, shall be paid to Changshu Honglue within five (5) business days after the handover of the Deliverable Items related to the Fifth Project Company;

(c) (provided that the Fifth Project has passed the relevant verification procedures and has been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority) within ten (10) business days after the issue of the Transition Period Audit report (in respect of the Subsidies Receivable received before the Fifth Completion Date) and within ten (10) business days every time the Fifth Project Company receives the Subsidies Receivable after the Fifth Completion Date, an amount equivalent to such Subsidies Receivable received by the Fifth Project Company, adding up to a total amount of approximately RMB13,685,000, shall be paid to Changshu Honglue, representing approximately 5.3% of the consideration for the Fifth Disposal; and

(d) the balance of approximately RMB213,080,000, representing approximately 83.2% of the consideration for the Fifth Disposal, shall be paid to Changshu Honglue within fifteen (15) business days after the Fifth Project having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

Repayment of the Fifth Debts

As at the Reference Date, the Fifth Project Company had outstanding Fifth Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB55,603,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within fifteen (15) business days after the Fifth Completion Date for the parties' confirmation, and the official report will be issued within five (5) business days after such confirmation.

The outstanding Fifth Debts based on the Transition Period Audit report shall be payable by the Fifth Project Company to Changshu Honglue in cash in the following manner:

(a) an amount of approximately RMB52,514,000 shall be paid within five (5) business days after the issue of the official Transition Period Audit report; and

(b) a total amount of RMB3,089,000, which is equivalent to the total costs of certain rectification works of the Fifth Project undertaken to be carried out and completed by Changshu Honglue within six (6) months after the Fifth Completion Date, shall be paid to Changshu Honglue within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the Fifth Completion Date.

The Fifth Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies. Taking into account the uncertainty in the timing of receipt of such subsidies and based on the commercial negotiations with the Purchaser, the Directors consider that it would be fair and reasonable not to charge any interest on the outstanding Fifth Debts.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the Fifth Disposal pursuant to the terms of the Fifth Agreement or the Fifth Project Company fails to repay any instalment of the Fifth Debts pursuant to the terms of the Fifth Agreement, the Purchaser and/or the Fifth Project Company (as the case may be) shall be liable to pay to Changshu Honglue a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Changshu Honglue shall be entitled to terminate the Fifth Agreement, upon which all the payments made by the Purchaser and the Fifth Project Company shall be refunded and the Purchaser shall pay to Changshu Honglue a default payment of approximately RMB25,618,000, representing 10% of the consideration for the Fifth Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the Fifth Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the Fifth Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the Fifth Guarantee and the Fifth Debts) having been obtained in accordance with the Listing Rules;

(b) the representations, warranties and undertakings provided by Changshu Honglue in the Fifth Agreement being and remaining true, complete and accurate in all material respects as at the date of the Fifth Agreement and the Fifth Completion Date;

(c) the litigation and arbitration cases of the Fifth Project Company as debtor having been closed, executed and performed completely, the High Consumption Restriction imposed on the Fifth Project Company having been lifted, and the Fifth Project Company having been removed from the List of Dishonest Enforcees; and

(d) the obligations of the Fifth Project Company as guarantor for the bank borrowing of two wholly-owned subsidiaries of the Company having been released.

Changshu Honglue shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the Fifth Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Changshu Honglue to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the Fifth Agreement, any profits generated in the ordinary course of business of the Fifth Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the Fifth Project Company during the Transition Period shall be borne by Changshu Honglue. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Fifth Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Changshu Honglue shall ensure that, among other things, the Fifth Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the Fifth Sale Equity Interest without the prior written consent of the Purchaser.

Release of the Fifth Guarantee

As at 30 June 2023, the amount covered under the Fifth Guarantee is approximately RMB156,310,000, which is equivalent to the amount of the existing borrowing due by the Fifth Project Company to Tianan Life Insurance. Pursuant to the Fifth Agreement, by no later than ninety (90) days after the Fifth Completion Date, the Purchaser shall procure the release of the Fifth Guarantee, failing which Changshu Honglue shall be entitled to (1) a default payment payable by the Purchaser calculated at a daily rate of 0.05% based on the principal amount guaranteed; (2) rescind the Fifth Agreement; (3) a default payment payable by the Purchaser of approximately RMB25,619,000, representing 10% of the consideration for the Fifth Disposal; and (4) seek compensation from the Purchaser for the costs and expenses incurred by Changshu Honglue as a result of the Purchaser's breach. In this case, the Company will assess the possible implications under the Listing Rules and make further disclosure as and when appropriate.

(F) The Sixth Agreement

Subject matter

On 11 August 2023, Changshu Honglue, the Purchaser and the Sixth Project Company entered into the Sixth Agreement, pursuant to which Changshu Honglue conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sixth Sale Equity Interest. The Company agreed to guarantee the obligations of Changshu Honglue under the Sixth Agreement in favour of the Purchaser and the Sixth Project Company.

Consideration

The consideration for the Sixth Disposal is approximately RMB369,348,000, which shall be payable by the Purchaser in cash in the following manner:

(a) an amount of approximately RMB43,546,000, representing approximately 11.8% of the consideration for the Sixth Disposal, shall first be paid into the Escrow Account not later than three (3) business days before completion of the Sixth Disposal and shall then be transferred to the designated bank account of Changshu Honglue within five (5) business days after the Sixth Completion Date;

(b) an amount of approximately RMB314,825,000, representing approximately 85.2% of the consideration for the Sixth Disposal, shall be paid within five (5) business days after the issue of the official Transition Period audit report;

(c) within ten (10) business days after the issue of the Transition Period Audit report (in respect of Subsidies Receivable received before the Sixth Completion Date) and within ten (10) business days every time the Sixth Project Company receives Subsidies Receivable after the Sixth Completion Date, an amount equivalent to such Subsidies Receivable received by the Sixth Project Company, adding up to a total amount of approximately RMB4,373,000, shall be paid to Changshu Honglue, representing approximately 1.2% of the consideration for the Sixth Disposal; and

(d) the balance of approximately RMB6,604,000, representing approximately 1.8% of the consideration for the Sixth Disposal, which is equivalent to the total costs of certain rectification works of the Sixth Project undertaken to be carried out and completed by Changshu Honglue within six (6) months after the Sixth Completion Date, shall be paid to Changshu Honglue within ten (10) business days upon completion of such rectification works as inspected by the Purchaser once every three (3) months after the Sixth Completion Date.

The Sixth Project Company has already applied to the relevant PRC authority for the state renewable energy subsidies.

Repayment of the Sixth Debts

As at the Reference Date, the Sixth Project Company had outstanding Sixth Debts, which is unsecured, interest-free and repayable on demand, in the amount of approximately RMB54,825,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined pursuant to the Transition Period Audit. The Transition Period Audit report will be issued within twenty (20) business days of completion of the Sixth Disposal.

The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Sixth Agreement the amount of the Sixth Debts based on the Transition Period Audit report.

Default in payment

If the Purchaser fails to pay any instalment of the consideration for the Sixth Disposal pursuant to the terms of the Sixth Agreement or the Sixth Project Company fails to repay any instalment of the Sixth Debts (if any) pursuant to the terms of the Sixth Agreement, the Purchaser and/or the Sixth Project Company (as the case may be) shall be liable to pay to Changshu Honglue a daily default interest of 0.05%. If the default continues for more than thirty (30) days from the relevant due date, Changshu Honglue shall be entitled to terminate the Sixth Agreement, upon which all the payments made by the Purchaser and the Sixth Project Company shall be refunded and the Purchaser shall pay to Changshu Honglue a default payment of approximately RMB36,935,000, representing 10% of the consideration for the Sixth Disposal within twenty (20) business days after such termination.

Conditions Precedent

Completion of the Sixth Disposal is subject to the satisfaction of the following conditions:

(a) the approval by the Board and the Shareholders at the EGM in respect of the Sixth Agreement and the transactions contemplated thereunder (including the guarantee to be provided by the Company and the continuation of the Sixth Guarantee) having been obtained in accordance with the Listing Rules;

(b) the representations, warranties and undertakings provided by Changshu Honglue in the Sixth Agreement being and remaining true, complete and accurate in all material respects as at the date of the Sixth Agreement and the Sixth Completion Date; and

(c) the obligations of the Sixth Project Company as guarantor for the bank borrowing of two wholly-owned subsidiaries of the Company having been released.

Changshu Honglue shall procure satisfaction of the conditions set out above on or before the Long Stop Date. If any of such conditions is not satisfied on or before the Long Stop Date, the Purchaser will be entitled to: (1) terminate the Sixth Agreement; (2) unilaterally decide to postpone the Long Stop Date or negotiate with Changshu Honglue to postpone the Long Stop Date; or (3) waive any condition (except the condition set out in (a) above which cannot be waived).

Arrangements during the Transition Period

Subject to the Sixth Agreement, any profits generated in the ordinary course of business of the Sixth Project Company during the Transition Period shall belong to the Purchaser, whereas any loss incurred in the ordinary course of business of the Sixth Project Company during the Transition Period shall be borne by Changshu Honglue. The Purchaser shall be entitled to deduct from any instalment of the consideration payable under the Sixth Agreement the amount of any such loss based on the Transition Period Audit report.

During the Transition Period, Changshu Honglue shall ensure that, among other things, the Sixth Project Company will continue its normal business operations in accordance with its previous practices. No encumbrances or other third party rights shall be created with respect to the Sixth Sale Equity Interest without the prior written consent of the Purchaser.

Release of the Sixth Guarantee

As at 30 June 2023, the amount covered under the Sixth Guarantee is approximately RMB260,000,000, which is equivalent to the amount of the existing borrowing due by the Sixth Project Company to Huadian Financial Leasing. Pursuant to the Sixth Agreement, by no later than ninety (90) days after the Sixth Completion Date, the Purchaser shall procure the release of the Sixth Guarantee, failing which Changshu Honglue shall be entitled to (1) a default payment payable by the Purchaser calculated at a daily rate of 0.05% based on the principal amount guaranteed; (2) rescind the Sixth Agreement; (3) a default payment payable by the Purchaser of approximately RMB36,935,000, representing 10% of the consideration for the Sixth Disposal; and (4) seek compensation from the Purchaser for the costs and expenses incurred by Changshu Honglue as a result of the Purchaser's breach. In this case, the Company will assess the possible implications under the Listing Rules and make further disclosure as and when appropriate.

BASIS OF THE CONSIDERATION FOR THE DISPOSALS

The total consideration for the Disposals of approximately RMB758,028,000 was determined upon arm's length negotiations between the parties with reference to (i) the audited net assets of the Project Companies as at 31 May 2023, in the aggregate amount of approximately RMB887,818,000, adjusted by applying a discount of approximately 14.6%, which was determined based on the difference of the audited net assets of the Project Companies as at 31 May 2023 and the total consideration, divided by the audited net assets of the Project Companies as at 31 May 2023; (ii) the aggregate amount of the outstanding Debts of RMB741,502,000 as at the Reference Date; (iii) the gearing position of the Project Companies as at 31 December 2022; and (iv) the valuation of the Project Companies in the amount of approximately RMB749,197,000 as appraised by an independent valuer using the market approach valuation techniques known as guideline transactions method and guideline publicly-traded comparable method. The guideline transaction method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value whereas the guideline publicly-traded method utilizes information on publicly-traded comparables that are similar to the subject asset to arrive at an indication of value.

The valuation of each Project Company is set out below:

Project Company	Valuation (RMB'000)
The First Project Company	12,225
The Second Project Company	48,295
The Third Project Company	55,207
The Fourth Project Company	39,944
The Fifth Project Company	246,266
The Sixth Project Company	347,260
	749,197

In determining the discount to be applied to the unaudited net asset value of the Project Companies for the determination of the consideration for the Disposals, the Directors took into account the following factors:

(i) the Disposals represent an opportunity for the Group to recoup its capital investment in the Project Companies, which will relieve the Group from its further funding commitment to the Project Companies in the form of shareholder's loan which is costly to maintain;

(ii) the net debt ratio of the Project Companies was approximately 1.45 as at 30 April 2023, which is higher than the net debt ratio of the Group of approximately 0.52 as at 31 December 2022;

(iii) the Group is expected to save an annual finance costs of approximately RMB94,000,000 upon completion of the Disposals;

(iv) the consideration is still higher than the valuation amount of the Project Companies (i.e. approximately RMB749,197,000) as appraised by an independent valuer; and

(v) the Group will continue to provide operation and maintenance services to the Project Companies from September 2023 to September 2026, which is expected to generate an annual service fee income of approximately RMB8,580,000 to the Group, pursuant to agreements entered into between the Group and the Project Companies.

COMPLETION OF THE DISPOSALS

Completion of each Disposal shall take place on the date on which the transfer of 100% equity interest in the relevant Project Company has been registered with the relevant PRC authority for industry and commerce and a new business license has been issued to such Project Company.

Completion of each Disposal is not conditional on completion of any other Disposals.

INFORMATION ON THE PROJECT COMPANIES

(A) The First Project Company

The First Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the First Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the First Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net profit (loss) before tax	5,069	(616)
Net profit (loss) after tax	4,689	(610)

The audited net asset value of the First Project Company as at 31 December 2022 and the unaudited net asset value of the First Project Company as at 31 May 2023 was approximately RMB15,597,000 and RMB19,638,000, respectively.

(B) The Second Project Company

The Second Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the Second Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the Second Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net profit before tax	4,800	5,618
Net profit after tax	4,200	5,080

The audited net asset value of the Second Project Company as at 31 December 2022 and the unaudited net asset value of the Second Project Company as at 31 May 2023 was approximately RMB63,392,000 and RMB65,381,000, respectively.

(C) The Third Project Company

The Third Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the Third Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the Third Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net loss before tax	(692)	(21)
Net loss after tax	(692)	(195)

The audited net asset value of the Third Project Company as at 31 December 2022 and the unaudited net asset value of the Third Project Company as at 31 May 2023 was approximately RMB59,220,000 and RMB60,220,000, respectively.

(D) The Fourth Project Company

The Fourth Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the Fourth Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the Fourth Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net profit before tax	3,575	5,243
Net profit after tax	3,130	3,932

The audited net asset value of the Fourth Project Company as at 31 December 2022 and the unaudited net asset value of the Fourth Project Company as at 31 May 2023 was approximately RMB50,659,000 and RMB52,279,000, respectively.

(E) The Fifth Project Company

The Fifth Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the Fifth Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the Fifth Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net profit (loss) before tax	9,382	(742)
Net profit (loss) after tax	8,678	(739)

The audited net asset value of the Fifth Project Company as at 31 December 2022 and the unaudited net asset value of the Fifth Project Company as at 31 May 2023 was approximately RMB270,241,000 and RMB274,533,000, respectively.

(F) The Sixth Project Company

The Sixth Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the Latest Practicable Date, the Sixth Project Company is an indirect wholly-owned subsidiary of the Company.

The audited financial results of the Sixth Project Company (prepared under the PRC GAAP) for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	**2022**
	(Audited)	(Audited)
	RMB'000	*RMB'000*
Net profit before tax	19,533	15,978
Net profit after tax	18,030	14,641

The audited net asset value of the Sixth Project Company as at 31 December 2022 and the unaudited net asset value of the Sixth Project Company as at 31 May 2023 was approximately RMB411,086,000 and RMB415,767,000, respectively.

INFORMATION ON THE PARTIES

The Company

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.

Tianhao New Energy

Tianhao New Energy is an indirect wholly-owned subsidiary of the Company and is principally engaged in the investment in and operation of solar power plants. As at the Latest Practicable Date, the First Project Company is a direct wholly-owned subsidiary of Tianhao New Energy.

Kong Sun Yongtai

Kong Sun Yongtai is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding. As at the Latest Practicable Date, each of the Second Project Company and the Third Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

Changshu Honglue

Changshu Honglue is an indirect wholly-owned subsidiary of the Company and is principally engaged in solar power generation. As at the Latest Practicable Date, each of the Fourth Project Company, the Fifth Project Company and the Sixth Project Company is a direct wholly-owned subsidiary of Changshu Honglue.

The Purchaser

The Purchaser is a company established in the PRC and is principally engaged in investment and exploration of mineral resources; mineral product processing (for branch operation only) and sales; industrial and agricultural water supply engineering; urban water supply engineering; sewage treatment engineering; property management; scenic tourism development (excluding real estate development); technical consultation; clean energy development (projects that are subject to approval in accordance with the law can only be carried out after approval by relevant authorities). As at the Latest Practicable Date, the Purchaser is directly owned as to 66.75% and 33.25% by Xinhua Hydropower Company Limited ("**Xinhua Hydropower**") and CCB Financial Asset Investment Co., Ltd. ("**CCB Financial**"), respectively. Xinhua Hydropower is owned as to 55% and 45% by China National Nuclear Corporation ("**China Nuclear**") and Xinhua Water Resources Holding Group Corporation Ltd. ("**Xinhua Water Resources**"), respectively. China Nuclear is wholly-owned by 國務院國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of the State Council). Xinhua Water Resources is wholly-owned by the Bureau of Comprehensive Development Ministry of Water Resources of the PRC. CCB Financial is a wholly-owned subsidiary of China Construction Bank Corporation, the shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange (A share stock code: 601939, H share stock code: 000939).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

REASONS AND BENEFITS FOR THE DISPOSALS

The Directors consider that it is a good opportunity for the Group to realise its investment in the Project Companies so as to better allocate the Group's resources, optimise its operation model, enhance the efficiency of equipment in solar power plants and accelerate its pace in transforming to asset-light model. The Directors have considered various alternative financing methods, including but not limited to finance leasing, offshore debt financing, and other ways of equity financing such as placing. The Company has already carried out various finance lease transactions in recent years and will continue to explore new opportunities as they arise. In respect of offshore debt financing, the Directors do not consider it a desirable option under the prevailing high interest rate environment. Nor is equity financing a feasible option due to the low prevailing trading prices of the Shares. In light of the above, the Directors consider that the Disposals would be the only viable fund raising option currently available to the Company to address its funding needs.

Upon completion of the Disposals, the Company will continue to have seven completed solar power plants with a total installed capacity of 170 MW. The Company will continue to engage in the solar power plants business with (a) the generation of solar power and sale of electricity to power grid companies through its remaining solar power plants, and (b) the provision of solar power plant operation and maintenance services to third parties, including the Project Companies disposed of by the Group, through the Group's own workforce of engineers and maintenance staff. The management team for the operation and management of the remaining group will not be downsized as a result of the Disposals.

Solar power generating business is a capital intensive industry, which highly relies on external financing in order to fund for the construction of a solar power plant while the recovery of capital investment takes a long period of time. Any delay in enlisting of the solar power plants of the Group on 可再生能源電價附加資助目錄 (Renewable Energy Tariff Subsidy Catalogue*) (the "**Subsidy Catalogue**") or any delay in the receipt of renewable energy subsidies for its solar power plants that have been enlisted on the Subsidy Catalogue could have a material adverse effect on the Group's business, financial condition, cash flow and operating results. 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. The Group has been actively seeking for opportunities to transform into the asset-light model to optimise its finance structure and lower its gearing ratio. The Disposals represent a good opportunity for the Group to implement its asset-light strategy.

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

In addition, the Disposals will lower the Group's gearing ratio given the net proceeds from the Disposals will be applied for repaying existing debts.

As regards the Guarantees and the Debts, the continuation of the Guarantees and the Debts was agreed after an arm's length negotiation between the parties to the relevant Disposal Agreements and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the relevant Disposal Agreements. In view of the financial stress that the Group is encountering, the Directors consider that the Disposals with the continuation of the Guarantees and the Debts are still the best available options under the circumstances for the Group to cut losses and streamline its operation at an appropriate timing after identifying the Purchaser. The Guarantees would also facilitate the obtaining of the relevant lenders' consent to the Disposals. Based on the past experience of Group in respect of similar disposals, under normal circumstances, the purchasers were usually able to procure the release of the guarantees within 90 days after completion of the transfer. Therefore, the Directors consider that the length of a 90-day period granted to the Purchaser for procuring the release of the Guarantees is not unreasonable. In the worst case scenario where the Purchaser fails to procure the release of any of the Guarantees or repay the Debts within the agreed period, the relevant Vendor will still have recourse to the remedies as set out in the section headed "The Disposals" above. In this regard, the Board had also carried out due diligence review of the Purchaser's financial position by asking for its key financial information in the past three financial years, including total assets, net assets and profits before and after tax, and was satisfied that in the event that the Purchaser failed to procure the release of the Guarantees within the agreed period, it would have the financial means to compensate the Group. On the above basis, the Directors are of the view that the continuation of the Guarantees and the Debts for a short period of time after the completion of the Disposals is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

Based on the foregoing, the Directors are of the view that the Disposals and the terms of the Disposal Agreements were entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSALS AND INTENDED USE OF PROCEEDS

As at the Latest Practicable Date, each of the Project Companies is an indirect wholly-owned subsidiary of the Company. Upon completion of the Disposals, the Project Companies will cease to be subsidiaries of the Company and the results of the Project Companies will cease to be consolidated in the results of the Group.

Upon completion of the Disposals, the unaudited total assets and the total liabilities of the Group will be decreased by approximately RMB691,374,000 and RMB557,237,000, respectively.

Subject to final audit, it is expected that the Group will realise a net loss on the Disposals of not more than approximately RMB114,000,000, which is calculated by reference to the difference between (i) the total consideration for the Disposals of approximately RMB758,028,000, and (ii) the total net asset value of the Project Companies and goodwill of approximately RMB869,776,000 and RMB547,000, respectively as at 30 April 2023 and the related transaction costs, taxes and expenses of the Disposals of approximately RMB1,500,000. Despite the net loss on the Disposals, having taking into consideration the reasons for the Disposals as stated under the paragraph headed "Reasons and Benefits for the Disposals" above, the Company is of the view that the Disposals will be in the interests of the Company and the Shareholders as a whole as it will lower the Group's gearing ratio.

The net proceeds from the Disposals, being the aggregate of the total consideration of approximately RMB758,028,000 and the total Debts receivable from the relevant Project Companies of approximately RMB741,502,000, minus the taxation and transaction costs of approximately RMB1,500,000, are estimated to be approximately RMB1,498,000,000. The Group intends to apply the net proceeds from the Disposals to repay its existing indebtedness. The Company expects that (i) RMB600,000,000 will be utilised by the end of 2023; (ii) RMB500,000,000 will be utilised within 2024; and (iii) the remaining net proceeds will be utilised within 2025, on the assumption that the proceeds will be received in full in accordance with the relevant Disposal Agreements. Even if the Group could not receive the proceeds for the Disposals in full by the end of 2023, the Group will repay the aforesaid RMB600 million indebtedness in 2023 with (i) the aggregate amount of net proceeds which the Group expects to receive within 25 business days after completion of the Disposals, which is estimated to be approximately RMB614,138,000 (being the aggregate amount of proceeds of approximately RMB615,638,000 which the Group expects to receive within one (1) month after completion of the Disposals pursuant to the Disposal Agreements, minus the taxation and transaction costs of approximately RMB1,500,000). As to the balance of the proceeds, it is expected that (i) approximately RMB53,260,000 will be received within around 6 months after completion of the Disposals subject to completion of the relevant rectification works and (in respect of the Fourth Disposal and the Fifth Disposal) handover of the Deliverable Items; and (ii) approximately RMB830,632,000 will be received subject to the inclusion of the relevant project into the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority and/or receipt of the Subsidies Receivable.

LISTING RULES IMPLICATIONS

The Disposals

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregated basis, exceeds 75%, the transactions contemplated under the Disposal Agreements constitute a very substantial disposal 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.

The Continuation of the Guarantees and the Debts

As the highest percentage ratio in respect of the Guarantees and the Debts exceeds 25%, the continuation of the Guarantees and the Debts provided by the Group to the relevant Project Companies after completion of the relevant Disposals is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Completion of the Disposals is conditional upon satisfaction of certain conditions precedent. Completion of each of the Disposals is not inter-conditional upon each other. Accordingly, the Disposals may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

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 Wednesday, 20 September 2023 at 11:00 a.m., at which an ordinary resolution will be proposed to approve the Disposal Agreements and the transactions contemplated thereunder.

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 are 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 Disposals 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, to the best of the Directors' knowledge after having made all reasonable enquiries, no Shareholder has a material interest in the Disposals and, accordingly, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Disposal Agreements and the transactions contemplated thereunder at the EGM.

RECOMMENDATION

The Directors are of the view that the Disposals and the terms of the Disposal Agreements were entered into on normal commercial terms and 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 Disposal Agreements 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

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 197 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 Disposals, 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 July 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 RMB2,058,495,000 and unsecured corporate bonds which amounted to approximately RMB16,523,000 and lease liabilities amounted to approximately RMB126,116,000.

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 July 2023, the Group's lease liabilities amounted to approximately RMB126,116,000 in relation to the remaining lease terms of certain lease contracts, which is unsecured and unguaranteed.

The Directors confirm that, as of 31 July 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 transferring the equity interests of solar power plant projects, the Group will be able to recycle capital, reduce its debts and finance costs and mitigate the pressure on project financing, while further improve the return on capital and receive stable fees annually by providing solar power plant operation and maintenance services.

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.

6. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Upon completion of the Disposals, the Remaining Group will continue to be principally engaged in investment in and the operation of solar power plants, provision of solar power plants operation and maintenance services, provision of financial services, trading of liquefied nature gas ("**LNG**") and asset management. Set out below is the management discussion and analysis on the Remaining Group for each of the three financial years ended 31 December 2020, 2021 and 2022. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for each of the three years ended 31 December 2020, 2021 and 2022.

For the year ended 31 December 2020

Business review

The Company is an investment holding company with its subsidiaries 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, trading of LNG and asset management.

Revenue

The revenue of the Remaining Group decreased by approximately 31.9% from approximately RMB1,897,065,000 for the year ended 31 December 2019 to approximately RMB1,291,380,000 for the year ended 31 December 2020. The decrease was primarily due to the decrease in revenue from sales of electricity and trading of LNG.

Revenue from sales of electricity and provision of solar power plant operation and maintenance services

The Remaining Group's revenue from sales of electricity decreased by approximately 21.3% from approximately RMB1,511,277,000 for the year ended 31 December 2019 to approximately RMB1,188,661,000 for the year ended 31 December 2020 due to the decrease in aggregate volume of electricity generated by the Remaining Group's grid-connected solar power plants with the disposal of subsidiaries. The solar power plants owned by the Remaining Group have generated electricity in an aggregate volume of 1,589,170MWh for the year ended 31 December 2020, representing a decrease of approximately 19.1% as compared to 1,964,359MWh for year ended 31 December 2019.

The Remaining Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 4.8% from approximately RMB20,070,000 for the year ended 31 December 2019 to approximately RMB21,038,000 for the year ended 31 December 2020 mainly due to the start of certain solar power plant operation and maintenance services contracts.

Revenue from provision of financial services

The Remaining Groups' revenue arising from the provision of financial services decreased by approximately 5.3% from approximately RMB39,385,000 for the year ended 31 December 2019 to approximately RMB37,304,000 for the year ended 31 December 2020.

Revenue from trading of liquefied natural gas

The Remaining Group's revenue arising from trading of LNG decreased by approximately 86.4% from approximately RMB326,333,000 for the year ended 31 December 2019 to approximately RMB44,377,000 for the year ended 31 December 2020. The decrease is mainly due to city lockdowns and suspension of work, production and transportation in most regions in the PRC due to the outbreak of the novel coronavirus pneumonia starting in the first half of 2020. With the decrease in business in trading of LNG, the Remaining Group plans to allocate the resources to other segments.

Gross profit and gross profit margin

The gross profit of the Remaining Group decreased by approximately 19.7% from approximately RMB999,552,000 for the year ended 31 December 2019 to approximately RMB802,472,000 for the year ended 31 December 2020. The gross profit margin of the Remaining Group increased from approximately 52.7% for the year ended 31 December 2019 to approximately 62.1% for the year ended 31 December 2020 mainly due to decrease in revenue from trading of LNG, which had a lower gross profit margin than the business segment of solar power plants.

Other gains, net

The other gains, net of the Remaining Group increased by approximately 286.9% from approximately RMB4,356,000 for the year ended 31 December 2019 to approximately RMB16,852,000 for the year ended 31 December 2020. The increase was mainly due to (i) the decrease in net unrealised losses on fair values changes on financial assets measured at fair value through profit or loss of approximately RMB3,356,000; (ii) the increase in rental income of approximately RMB5,925,000; and (iii) the increase in gain on lease modification of approximately RMB2,834,000.

Administrative expenses

Administrative expenses of the Remaining Group decreased by approximately 19% from approximately RMB345,781,000 for the year ended 31 December 2019 to approximately RMB280,056,000 for the year ended 31 December 2020. The decrease was mainly attributable to a decrease in total employee benefit expenses of approximately RMB46,920,000 during the year ended 31 December 2020.

Losses on disposal of subsidiaries, net

During the year ended 31 December 2020, the Remaining Group disposed of certain subsidiaries and recorded net losses on disposal of subsidiaries of approximately RMB182,220,000 (2019: RMB66,618,000). For details, please refer to note 44 to the financial statements of the 2020 annual report.

Impairment losses on a disposal group classified as held for sale

On 22 October 2020, the Remaining Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in 平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Co., Ltd.*) ("**Tianhui**") and 德州市陵城區乾超兄弟能源科技有限公司 (Dezhou City Lingcheng District Qianchao Brothers Energy Technology Co., Ltd.*) ("**Qianchao Brothers**") for a total equity consideration of approximately RMB60,176,000.

On 4 December 2020, the Remaining Group entered into a sale and purchase agreement with the same independent third party to dispose the entire equity interest in 榆林市江山永宸新能源有限公司 (Yulin City Jiangshan Yongchen New Energy Limited*) ("**Yongchen**") for an equity consideration of approximately RMB1,177,829,000.

On 14 December 2020, the Remaining Group entered into a sale and purchase agreement with another independent third party to dispose the entire equity interest in 玉門市永聯科技新能源開發有限公司 (Yumen Yonglian Technology New Energy Development Co., Ltd.*) ("**Yumen**") for an equity consideration of approximately RMB33,580,000.

An impairment loss of approximately RMB160,650,000, representing the sale proceeds less the carrying amount of the net assets of Tianhui, Qianchao Brothers, Yongchen and Yumen as at 31 December 2020, was charged to profit or loss during the year ended 31 December 2020.

Impairment losses on solar power plants under construction

During the year ended 31 December 2020, impairment losses of approximately RMB84,445,000 (2019: RMB43,735,000) on a solar power plant under construction was recognised as the approval from the relevant government authority was not granted eventually, resulting in the demolition of the solar power plant.

Impairment losses on trade and other receivables, net

During the year ended 31 December 2020, impairment losses of approximately RMB78,429,000 (2019: RMB77,113,000) on trade and other receivables, net was recorded based on the lifetime expected credit losses.

Finance costs

Finance costs of the Remaining Group decreased by approximately 17.6% from approximately RMB845,216,000 for the year ended 31 December 2019 to approximately RMB696,093,000 for the year ended 31 December 2020. As the Remaining Group's loans and borrowings decreased during the year ended 31 December 2020, the finance costs related to the borrowings also decreased.

Solar power plants

As at 31 December 2020, the Remaining Group had a net carrying amount of approximately RMB4,219,709,000 (2019: RMB7,443,711,000) and approximately RMB11,909,000 (2019: RMB121,270,000) in completed solar power plants and solar power plants under construction, respectively. As at 31 December 2020, the Remaining Group had a total of 989.0MW (2019: 1,439.5MW) installed capacity of completed solar power plants.

Interest in associates

As at 31 December 2020, the net carrying amount of associates was approximately RMB227,984,000 (2019: RMB226,691,000). As at 31 December 2019, the Remaining Group executed guarantees with respect to loans of approximately RMB24,925,000 granted by independent third parties to 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*) ("**Kong Sun Baoyuan**"), under which the Remaining Group was liable to pay the proportionate share if independent third parties are unable to recover the loan from Kong Sun Baoyuan. As at 31 December 2020, Kong Sun Baoyuan fully repaid such loans to independent third parties and the guarantees were released accordingly.

Goodwill

As at 31 December 2020, the Remaining Group had a total amount of approximately RMB29,622,000 (2019: RMB409,133,000) in respect of goodwill on the acquisition of subsidiaries in previous years. The decrease was mainly caused by the disposals of subsidiaries during the year ended 31 December 2020.

Right-of-use Assets

As at 31 December 2020, the Remaining Group's right-of-use assets amounted to approximately RMB216,240,000 (2019: RMB391,162,000). The decrease was mainly caused by the disposals of subsidiaries during the year ended 31 December 2020.

Financial assets measured of fair value through other comprehensive income

Financial assets measured of fair value through other comprehensive income decreased by approximately 26.3% from approximately RMB1,729,091,000 as at 31 December 2019 to approximately RMB1,275,156,000 as at 31 December 2020. The decrease was mainly due to (i) the fair value loss amounted to approximately RMB184,365,000; and (ii) the return of capital from Suzhou Junsheng amounted to RMB270,000,000 during the year ended 31 December 2020. The investments are held for long-term investment purpose and hence are classified as financial assets measured at fair value through other comprehensive income in the consolidated statement of financial position. For details, please refer to note 22 to the financial statements of the 2020 annual report.

Financial assets measured of fair value through profit or loss

As at 31 December 2020, the Remaining Group had financial assets measured at fair value through profit or loss with market value of approximately RMB16,921,000 (2019: RMB28,198,000), representing approximately 0.1% (2019: 0.2%) of the total assets of the Remaining Group as at 31 December 2020. The portfolio of investments managed by the Remaining Group consists of investment in one (2019: one) listed equity in Hong Kong. The Remaining Group held approximately 0.1% (2019: 0.1%) shareholding in the listed equity as at 31 December 2020. During the year ended 31 December 2020, the Remaining Group had recorded unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB3,883,000 (2019: RMB9,239,000). During the year ended 31 December 2020, the Remaining Group disposed of approximately 16.7% of its listed equity investment at a cash consideration of approximately RMB3,630,000 (2019: RMB43,034,000) and resulting in net realised losses on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB2,602,000 (2019: RMB1,553,000).

Trade, bills and other receivables

Trade, bills and other receivables decreased by approximately 22.0% from approximately RMB3,741,540,000 as at 31 December 2019 to approximately RMB2,917,859,000 as at 31 December 2020. The decrease was mainly due to the reclassification of approximately RMB1,057,105,000 to disposal group classified as held for sale upon the entering into the sale and purchase agreements with independent third parties for the disposals of the subsidiaries on 22 October 2020, 4 December 2020 and 14 December 2020, respectively.

Structured bank deposits

As at 31 December 2020, the Remaining Group placed approximately RMB4,230,000 (2019: RMB4,230,000) structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Remaining Group.

Trade and Other Payables

Trade and other payables decreased by approximately 33.5% from approximately RMB1,369,774,000 as at 31 December 2019 to approximately RMB910,408,000 as at 31 December 2020. The balance mainly comprised payables to suppliers of solar modules and equipment and EPC contractors for purchase of solar modules and equipment and construction costs of solar power plants. Due to the settlement of construction costs after the completion of substantial solar power plants construction work in recent years, trade payables, which was mainly related to construction costs of solar power plants, have decreased by approximately 72.2% from approximately RMB1,042,309,000 as at 31 December 2019 to approximately RMB289,306,000 as at 31 December 2020.

Liquidity and Capital Resources

As at 31 December 2020, cash and cash equivalents of the Remaining Group was approximately RMB158,463,000 (2019: RMB176,224,000), which included an amount of bank balances of approximately RMB157,259,000 (2019: RMB173,027,000) denominated in RMB placed with banks in the PRC. The remaining balance of the Remaining Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 31 December 2020, the Remaining Group's net debt ratio, which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents and structured bank deposits, over total equity, was approximately 1.55 (2019: 2.01).

Capital Expenditure

During the year ended 31 December 2020, the Remaining Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB1,869,000 (2019: RMB19,333,000) and approximately RMB25,366,000 (2019: RMB67,808,000), respectively.

Loans and Borrowings

As at 31 December 2020, the Remaining Group's total loans and borrowings was approximately RMB5,899,992,000 representing a decrease of approximately 35.2% compared to approximately RMB9,102,310,000 as at 31 December 2019. The decrease in the Remaining Group's total loans and borrowings was mainly due to disposal of subsidiaries, in which the loans and borrowings of these subsidiaries will be excluded from the Remaining Group upon their disposals. All the loans and borrowings of the Remaining Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 31 December 2020, loans and borrowings of approximately RMB4,407,500,000 (2019: RMB5,033,500,000) and approximately RMB1,492,492,000 (2019: RMB4,068,810,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2020, out of the total borrowings, approximately RMB2,517,715,000 (2019: RMB1,241,699,000) was repayable within one year and approximately RMB3,382,277,000 (2019: RMB7,860,611,000) was repayable after one year. For details, please refer to note 30 to the financial statements of the 2020 annual report.

Corporate bonds

As at 31 December 2020, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK$336,500,000 (equivalent to approximately RMB283,212,000) (2019: HK$343,500,000 (equivalent to approximately RMB307,700,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (2019: 3% to 7%) per annum, and will mature on the date immediately following 3 to 96 months (2019: 6 to 96 months) after their issuance.

During the year ended 31 December 2020, the Remaining Group issued corporate bonds with an aggregate principal amount of HK$13,500,000 (equivalent to approximately RMB12,005,000) (2019: HK$64,000,000 (equivalent to approximately RMB56,353,000)) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK$12,492,000 (equivalent to approximately RMB11,110,000) (2019: HK$57,761,000 (equivalent to approximately RMB50,860,000)), with total issue cost amounting to approximately HK$1,008,000 (equivalent to approximately RMB895,000) (2019: HK$6,239,000 (equivalent to approximately RMB5,493,000)).

During the year ended 31 December 2020, the Remaining Group repaid HK$20,500,000 (equivalent to approximately RMB18,231,000) (2019: HK$64,500,000 (equivalent to approximately RMB56,794,000)) in aggregate principal amount of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate ranging from 10.40% to 14.56% (2019: 10.40% to 14.56%) per annum. Imputed interest of approximately HK$33,401,000 (equivalent to approximately RMB29,704,000) (2019: HK$31,013,000 (equivalent to approximately RMB27,308,000)) (note 13 to the financial statements of the 2020 annual report) in respect of the corporate bonds was recognised in profit or loss during the year ended 31 December 2020.

Lease Liabilities

As at 31 December 2020, the Remaining Group's lease liabilities amounted to approximately RMB164,290,000 (2019: RMB197,428,000). The decrease was mainly caused by the disposals of subsidiaries during the year ended 31 December 2020.

Foreign Exchange Risk

The Remaining Group primarily operates its business in the PRC and during the year ended 31 December 2020, the Remaining Group's revenue were primarily denominated in RMB, being the functional currency of the Remaining Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Remaining Group's business. The Remaining Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Remaining Group's cash value.

Charge on Assets

As at 31 December 2020, the Remaining Group had charged solar power plants, trade receivables, right-of-assets and unlisted equity investments with net book value of approximately RMB2,667,782,000 (2019: RMB5,727,983,000), approximately RMB871,680,000 (2019: RMB1,762,239,000), approximately RMB719,000 (2019: RMB756,000) and approximately RMB295,441,000 (2019: RMB438,840,000), respectively, to secure bank loans and other loans facilities granted to the Remaining Group.

Save as disclosed above and in note 30 to the financial statements of the 2020 annual report, during the year ended 31 December 2020, the Remaining Group has no other charges on assets.

Contingent Liabilities

The Remaining Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plant projects and the applications for the development of these solar power plant projects were actually made by their former shareholders. According to the Notices issued by the State Energy Administration（國家能源局）, the Notices prohibit the original applicants who have obtained the approval documents from the government authorities for the solar power plants projects from transferring the equity interests of solar power plant projects before such solar power plants were connected to the power grid. Taking into consideration the legal opinion obtained from the Company's legal adviser as to PRC law, and given that the Remaining Group has obtained the preliminary approval from respective relevant government authorities to continue with the development of the solar power plants, the Company's legal adviser as to PRC law is of the view that the possibility for these subsidiaries to be fined or to face other adverse consequences imposed by the relevant government authorities is remote. Accordingly, the Directors consider there is no significant impact on the Remaining Group's control over these subsidiaries and the development of these solar power plants.

As at 31 December 2020, the Remaining Group had executed a guarantee with respect to a loan of approximately RMB205,168,000 granted by independent third parties to 靖邊縣智光新能源開發有限公司 (Jingbian Zhiguang New Energy Development Co., Ltd.), an indirect wholly-owned subsidiary of the Company before its disposal on 12 October 2020.

Save as disclosed above, during the year ended 31 December 2020, the Remaining Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2020, the Remaining Group had approximately 622 (2019: 614) employees in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2020, the total employee benefit expenses (including directors' emoluments) were approximately RMB138,682,000 (2019: RMB185,597,000). For details, please refer to note 10 in the financial statements of the 2020 annual report. The remuneration policy of the Remaining Group is to provide remuneration packages, including basic salary and short-term bonuses, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Remaining Group's operations. The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. Notwithstanding the expiry of the Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

Significant Investments and Material Acquisition and Disposal

Save as disclosed above, the Remaining Group did not have any other significant investments, did not hold any significant investments in an investee company with a value of 5% more of the Company's total assets, other material acquisition or disposal during the year ended 31 December 2020, and there was no plan authorised by the Board for other material investments or additions of capital assets.

For the year ended 31 December 2021

Business review

The Company is an investment holding company with its subsidiaries 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, trading of LNG and asset management.

Revenue

The revenue of the Remaining Group decreased by approximately 36.7% from approximately RMB1,291,380,000 for the year ended 31 December 2020 to approximately RMB817,307,000 for the year ended 31 December 2021. The decrease was primarily due to the decrease in revenue from sales of electricity and trading of LNG.

Revenue from sales of electricity and provision of solar power plant operation and maintenance services

The Remaining Group's revenue from sales of electricity decreased by approximately 39.4% from approximately RMB1,188,661,000 for the year ended 31 December 2020 to approximately RMB720,376,000 for the year ended 31 December 2021 due to the decrease in aggregate volume of electricity generated by the Remaining Group's grid-connected solar power plants with the disposal of subsidiaries. The solar power plants owned by the Remaining Group have generated electricity in an aggregate volume of 967,728MWh for the year ended 31 December 2021, representing a decrease of approximately 39.1% as compared to 1,589,170MWh for year ended 31 December 2020.

The Remaining Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 211.2% from approximately RMB21,038,000 for the year ended 31 December 2020 to approximately RMB65,463,000 for the year ended 31 December 2021 mainly due to the start of certain solar power plant operation and maintenance services contracts.

Revenue from provision of financial services

The Remaining Groups' revenue arising from the provision of financial services decreased by approximately 19.5% from approximately RMB37,304,000 for the year ended 31 December 2020 to approximately RMB30,014,000 for the year ended 31 December 2021 mainly due to lesser customers during the year.

Revenue from trading of liquefied natural gas

The Remaining Group's revenue arising from trading of LNG decreased by approximately 96.7% from approximately RMB44,377,000 for the year ended 31 December 2020 to approximately RMB1,454,000 for the year ended 31 December 2021. With the decrease in business in trading of LNG, the Remaining Group plans to allocate the resources to other segments.

Gross profit and gross profit margin

The gross profit of the Remaining Group decreased by approximately 40.7% from approximately RMB802,472,000 for the year ended 31 December 2020 to approximately RMB475,471,000 for the year ended 31 December 2021. The gross profit margin of the Remaining Group decreased from approximately 62.1% for the year ended 31 December 2020 to approximately 58.2% for the year ended 31 December 2021 mainly due to disposals of subsidiaries which has a higher gross profit margin than that of the Remaining Group during the year ended 31 December 2021.

Other gains, net

The other gains, net of the Remaining Group increased by approximately 99.8% from approximately RMB16,852,000 for the year ended 31 December 2020 to approximately RMB33,674,000 for the year ended 31 December 2021. The increase was mainly due to the increase in write-back of other payables of approximately RMB43,327,000 offset by the increase in solar power plant rectification expenses of approximately RMB26,872,000.

Administrative expenses

Administrative expenses of the Remaining Group decreased by approximately 14.0% from approximately RMB280,056,000 for the year ended 31 December 2020 to approximately RMB240,975,000 for the year ended 31 December 2021. The decrease was mainly attributable to a decrease in total employee benefit expenses of approximately RMB7,014,000 during the year ended 31 December 2021.

Losses on disposal of subsidiaries, net

During the year ended 31 December 2021, the Remaining Group disposed of certain subsidiaries and recorded net losses on disposal of subsidiaries of approximately RMB484,570,000 (2020: RMB182,220,000). For details, please refer to note 44 to the financial statements of the 2021 annual report.

Impairment losses on a disposal group classified as held for sale

On 10 July 2021, the Remaining Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in 化隆縣瑞啟達新能源有限公司 (Hualong County Ruiqida New Energy Limited*) ("**Hualong County Ruiqida**") and 黃驊市正陽新能源有限公司 (Huanghua Zhengyang New Energy Limited*) ("**Huanghua Zhengyang**"), for a total equity consideration of approximately RMB337,461,000.

An impairment loss of approximately RMB79,787,000, representing the sale proceeds less the carrying amount of the net assets of Hualong County Ruiqida and Huanghua Zhengyang as at 31 December 2021, was charged to profit or loss during the year ended 31 December 2021.

Impairment losses on solar power plants under construction

During the year ended 31 December 2020, impairment losses of approximately RMB84,445,000 on a solar power plant under construction was recognised as the approval from the relevant government authority was not granted eventually, resulting in the demolition of the solar power plant. No such amount was recorded for the year ended 31 December 2021.

Impairment losses on trade and other receivables, net

During the year ended 31 December 2021, impairment losses of approximately RMB150,588,000 (2020: RMB78,429,000) on trade and other receivables, net was recorded based on the lifetime expected credit losses.

Finance costs

Finance costs of the Remaining Group decreased by approximately 35.0% from approximately RMB696,093,000 for the year ended 31 December 2020 to approximately RMB452,682,000 for the year ended 31 December 2021. As the Remaining Group's loans and borrowings decreased during the year ended 31 December 2021, the finance costs related to the borrowings also decreased.

Solar power plants

As at 31 December 2021, the Remaining Group had a net carrying amount of approximately RMB1,763,126,000 (2020: RMB4,219,709,000) and approximately RMB6,904,000 (2020: RMB11,909,000) in completed solar power plants and solar power plants under construction, respectively. As at 31 December 2021, the Remaining Group had a total of 340MW (2020: 989MW) installed capacity of completed solar power plants.

Interest in associates

As at 31 December 2021, the net carrying amount of associates was approximately RMB172,237,000 (2020: RMB227,984,000).

Goodwill

As at 31 December 2021, the Remaining Group had a total amount of approximately RMB574,000 (2020: RMB29,622,000) in respect of goodwill on the acquisition of subsidiaries in previous years. The decrease was contributed by the disposals of subsidiaries and impairment of goodwill of approximately RMB746,000 during the year ended 31 December 2021.

Right-of-use Assets

As at 31 December 2021, the Remaining Group's right-of-use assets amounted to approximately RMB135,820,000 (2020: RMB216,240,000). The decrease is mainly contributed by the disposals of subsidiaries during the year ended 31 December 2021.

Financial assets measured of fair value through other comprehensive income

Financial assets measured of fair value through other comprehensive income decreased by approximately 7.0% from approximately RMB1,275,156,000 as at 31 December 2020 to approximately RMB1,186,361,000 as at 31 December 2021. The decrease is mainly due to (i) the fair value loss amounted to approximately RMB13,820,000; and (ii) the return of capital from 嘉興盛世神州永贏投資合夥企業(有限合夥) (Jiaxing Shengshi Shenzhou Yongying Investment Partnership (Limited Partnership)*) ("**Jiaxing Shengshi**") amounted to RMB75,000,000 during the year ended 31 December 2021. The investments are held for long-term investment purpose and hence are classified as financial assets measured at fair value through other comprehensive income in the consolidated statement of financial position. For details, please refer to note 22 to the financial statements of the 2021 annual report.

Financial assets measured of fair value through profit or loss

As at 31 December 2020, the Remaining Group had financial assets measured at fair value through profit or loss with market value of approximately RMB16,921,000 representing approximately 0.1% of the total assets of the Remaining Group as at 31 December 2020. No such investment was held by the Remaining Group as at 31 December 2021. During the year ended 31 December 2020, the Remaining Group had recorded unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB3,883,000. During the year ended 31 December 2021, the Remaining Group disposed of all of its listed equity investment at a cash consideration of approximately RMB16,970,000 (2020: RMB3,630,000) and resulting in net realised losses on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB12,050,000 (2020: RMB2,602,000).

Trade, bills and other receivables

Trade, bills and other receivables decreased by approximately 35.2% from approximately RMB2,917,859,000 as at 31 December 2020 to approximately RMB1,891,350,000 as at 31 December 2021. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2021.

Structured bank deposits

As at 31 December 2020, the Remaining Group placed approximately RMB4,230,000 structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Remaining Group. No such amount was recorded as at 31 December 2021.

Trade and Other Payables

Trade and other payables decreased by approximately 57.1% from approximately RMB910,408,000 as at 31 December 2020 to approximately RMB390,654,000 as at 31 December 2021. The balance mainly comprised payables to suppliers of solar modules and equipment and engineering procurement construction contractors for purchase of solar modules and equipment and construction costs of solar power plants. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2021.

Liquidity and Capital Resources

As at 31 December 2021, cash and cash equivalents of the Remaining Group was approximately RMB691,782,000 (2020: RMB158,463,000), which included an amount of bank balances of approximately RMB681,347,000 (2020: RMB157,259,000) denominated in RMB placed with banks in the PRC. The remaining balance of the Remaining Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 31 December 2021, the Remaining Group's net debt ratio, which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents and structured bank deposits, over total equity, was approximately 0.92 (2020: 1.55).

Capital Expenditure

During the year ended 31 December 2021, the Remaining Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB4,348,000 (2020: RMB1,869,000) and approximately RMB4,206,000 (2020: RMB25,366,000), respectively.

Loans and Borrowings

As at 31 December 2021, the Remaining Group's total loans and borrowings was approximately RMB3,283,105,000 representing a decrease of approximately 44.4% compared to approximately RMB5,899,992,000 as at 31 December 2020. The decrease in the Remaining Group's total loans and borrowings was mainly due to disposals of subsidiaries, in which the loans and borrowings of these subsidiaries will be excluded from the Remaining Group upon their disposals. All the loans and borrowings of the Remaining Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 31 December 2021, loans and borrowings of approximately RMB2,551,446,000 (2020: RMB4,407,500,000) and approximately RMB731,659,000 (2020: RMB1,492,492,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2021, out of the total borrowings, approximately RMB1,751,488,000 (2020: RMB2,517,715,000) was repayable within one year and approximately RMB1,531,617,000 (2020: RMB3,382,277,000) was repayable after one year. For details, please refer to note 30 to the financial statements of the 2021 annual report.

Corporate bonds

As at 31 December 2021, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK$102,000,000 (equivalent to approximately RMB83,395,000) (2020: HK$336,500,000 (equivalent to approximately RMB283,212,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (2020: 3% to 7%) per annum, and will mature on the date immediately following 3 to 96 months (2020: 3 to 96 months) after their issuance.

During the year ended 31 December 2021, the Remaining Group issued corporate bonds with an aggregate principal amount of HK$10,500,000 (equivalent to approximately RMB8,715,000) (2020: HK$13,500,000 (equivalent to approximately RMB12,005,000)) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK$9,853,000 (equivalent to approximately RMB8,178,000) (2020: HK$12,492,000 (equivalent to approximately RMB11,110,000)), with total issue cost amounting to approximately HK$648,000 (equivalent to approximately RMB537,000) (2020: HK$1,008,000 (equivalent to approximately RMB895,000)).

During the year ended 31 December 2021, the Remaining Group repaid HK$245,000,000 (equivalent to approximately RMB203,350,000) (2020: HK$20,500,000 (equivalent to approximately RMB18,231,000)) in aggregate principal amount of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate ranging from 10.40% to 14.56% (2020: 10.40% to 14.56%) per annum. Imputed interest of approximately HK$22,861,000 (equivalent to approximately RMB18,974,000) (2020: HK$33,401,000 (equivalent to approximately RMB29,704,000)) (note 13 to the financial statements in the 2021 annual report) in respect of the corporate bonds was recognised in profit or loss during the year ended 31 December 2021.

Lease Liabilities

As at 31 December 2021, the Remaining Group's lease liabilities amounted to approximately RMB129,945,000 (2020: RMB164,290,000). The decrease is mainly contributed by the disposals of subsidiaries during the year ended 31 December 2021.

Foreign Exchange Risk

The Remaining Group primarily operates its business in the PRC and during the year ended 31 December 2021, the Remaining Group's revenue were primarily denominated in RMB, being the functional currency of the Remaining Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Remaining Group's business. The Remaining Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Remaining Group's cash value.

Charge on Assets

As at 31 December 2021, the Remaining Group had charged solar power plants, trade receivables, right-of-use assets and unlisted equity investments with net book value of approximately RMB1,425,066,000 (2020: RMB2,667,782,000), approximately RMB533,683,000 (2020: RMB871,680,000), approximately RMBNil (2020: RMB719,000) and approximately RMB281,365,000 (2020: RMB295,441,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above and in note 30 to the financial statements in the 2021 annual report, during the year ended 31 December 2021, the Remaining Group has no other charges on assets.

Contingent Liabilities

The Remaining Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plant projects and the applications for the development of these solar power plant projects were actually made by their former shareholders. According to certain notices (the "**Notices**") issued by the State Energy Administration（國家能源局）, the Notices prohibit the original applicants who have obtained the approval documents from the government authorities for the solar power plants projects from transferring the equity interests of solar power plant projects before such solar power plants were connected to the power grid. Taking into consideration the legal opinion obtained from the Company's legal adviser as to PRC law, and given that the Remaining Group has obtained the preliminary approval from respective relevant government authorities to continue with the development of the solar power plants, the Company's legal adviser as to PRC law is of the view that the possibility for these subsidiaries to be fined or to face other adverse consequences imposed by the relevant government authorities is remote. Accordingly, the Directors consider there is no significant impact on the Remaining Group's control over these subsidiaries and the development of these solar power plants.

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB82,601,000 granted by independent third parties to 甘肅宏遠光電有限責任公司 (Gansu Hongyuan Photovoltaic Limited*) ("**Gansu Hongyuan**"), an indirect wholly-owned subsidiary of the Company before its disposal on 22 September 2021.

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to 烏什縣華陽偉業太陽能科技有限公司 (Wushi Huayangweiye Solar Technology Limited*) ("**Wushi Huayangweiye**"), an indirect wholly-owned subsidiary of the Company before its disposal on 22 December 2021.

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to 庫車天華新能源電力有限公司 (Kuche Tianhua New Energy Electric Power Limited*) ("**Kuche Tianhua**") an indirect wholly-owned subsidiary of the Company before its disposal on 21 December 2021.

As at 31 December 2020, the Remaining Group had executed a guarantee with respect to a loan of approximately RMB205,168,000 granted by independent third parties to 靖邊縣智光新能源開發有限公司 (Jingbian Zhiguang New Energy Development Co., Ltd.), an indirect wholly-owned subsidiary of the Company before its disposal on 12 October 2020.

Save as disclosed above, during the year ended 31 December 2021, the Remaining Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2021, the Remaining Group had approximately 837 (2020: 622) employees in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2021, the total employee benefit expenses (including directors' emoluments) were approximately RMB131,668,000 (2020: RMB138,682,000). For details, please refer to note 10 in the financial statements to the 2021 annual report. The remuneration policy of the Remaining Group is to provide remuneration packages, including basic salary and short-term bonuses, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Remaining Group's operations. The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. Notwithstanding the expiry of the Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

Significant Investments and Material Acquisition and Disposal

Save as disclosed above, the Remaining Group did not have any other significant investments, did not hold any significant investments in an investee company with a value of 5% more of the Company's total assets, other material acquisition or disposal during the year ended 31 December 2021, and there was no plan authorised by the Board for other material investments or additions of capital assets.

For the year ended 31 December 2022

Business review

The Company is an investment holding company with its subsidiaries 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, trading of LNG and asset management.

Revenue

The revenue of the Remaining Group decreased by approximately 50.4% from approximately RMB817,307,000 for the year ended 31 December 2021 to approximately RMB404,978,000 for the year ended 31 December 2022. The decrease was due to the decrease in revenue from sales of electricity.

Revenue from sales of electricity and provision of solar power plant operation and maintenance services

The Remaining Group's revenue from sales of electricity decreased by approximately 67.4% from approximately RMB720,376,000 for the year ended 31 December 2021 to approximately RMB234,946,000 for the year ended 31 December 2022 due to the decrease in aggregate volume of electricity generated by the Remaining Group's grid-connected solar power plants with the disposal of subsidiaries. The solar power plants owned by the Remaining Group have generated electricity in an aggregate volume of 325,159MWh for the year ended 31 December 2022, representing a decrease of approximately 66.4% as compared to 967,728MWh for the year ended 31 December 2021.

The Remaining Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 78.7% from approximately RMB65,463,000 for the year ended 31 December 2021 to approximately RMB116,991,000 for the year ended 31 December 2022 mainly due to the start of certain solar power plant operation and maintenance services contracts.

Revenue from provision of financial services

The Remaining Groups' revenue arising from the provision of financial services increased by approximately 76.7% from approximately RMB30,014,000 for the year ended 31 December 2021 to approximately RMB53,041,000 for the year ended 31 December 2022 mainly due to launch of new product during the year, which attracts new customers and thus increasing the revenue from this segment.

Revenue from trading of liquefied natural gas

The Remaining Group's revenue arising from trading of LNG was approximately RMB1,454,000 for the year ended 31 December 2021. No such amount was recorded for the year ended 31 December 2022.

Gross profit and gross profit margin

The gross profit of the Remaining Group decreased by approximately 58.6% from approximately RMB475,471,000 for the year ended 31 December 2021 to approximately RMB196,929,000 for the year ended 31 December 2022. The gross profit margin of the Remaining Group decreased from approximately 58.2% for the year ended 31 December 2021 to approximately 48.6% for the year ended 31 December 2022 mainly due to the increase in portion of revenue from provision of solar power plant operation and maintenance services, which has a lower gross profit margin than that of the revenue from sales of electricity during the year ended 31 December 2022.

Other (losses)/gains, net

The other (losses)/gains, net of the Remaining Group changed from net gains of approximately RMB33,674,000 for the year ended 31 December 2021 to net losses of approximately RMB25,495,000 for the year ended 31 December 2022. The change was mainly due to the decrease in write-back of other payables of approximately RMB36,785,000 and the increase in solar power plant rectification expenses of approximately RMB13,348,000.

Administrative expenses

Administrative expenses of the Remaining Group decreased by approximately 36.9% from approximately RMB240,975,000 for the year ended 31 December 2021 to approximately RMB152,023,000 for the year ended 31 December 2022. The decrease was mainly attributable to a decrease in consultancy and legal and professional expenses related to disposals of approximately RMB60,220,000 during the year ended 31 December 2022.

Losses on disposal of subsidiaries, net

During the year ended 31 December 2022, the Remaining Group disposed of certain subsidiaries and recorded net losses on disposal of subsidiaries of approximately RMB8,587,000 (2021: RMB484,570,000). For details, please refer to note 43 to the financial statements of the 2022 Annual Report.

Impairment loss on a solar power plant

During the year ended 31 December 2022, impairment loss of approximately RMB28,029,000 on a solar power plant was recognised as a result of the impairment test performed on certain completed solar power plant. No such amount was recorded for the year ended 31 December 2021.

Impairment losses on a disposal group classified as held for sale

On 10 July 2021, the Remaining Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in Hualong County Ruiqida and Huanghua Zhengyang, for a total equity consideration of approximately RMB337,461,000.

An impairment loss of approximately RMB79,787,000, representing the sale proceeds less the carrying amount of the net assets of Hualong County Ruiqida and Huanghua Zhengyang as at 31 December 2021, was charged to profit or loss during the year ended 31 December 2021.

No such amount was recorded for the year ended 31 December 2022.

Impairment losses on trade and other receivables, net

During the year ended 31 December 2022, impairment losses of approximately RMB135,411,000 (2021: RMB150,588,000) on trade and other receivables, net was recorded based on the lifetime expected credit losses.

Finance costs

Finance costs of the Remaining Group decreased by approximately 65.6% from approximately RMB452,682,000 for the year ended 31 December 2021 to approximately RMB155,681,000 for the year ended 31 December 2022. As the Remaining Group's loans and borrowings decreased during the year ended 31 December 2022, the finance costs related to the borrowings also decreased.

Solar power plants

As at 31 December 2022, the Remaining Group had a net carrying amount of approximately RMB988,409,000 (2021: RMB1,763,126,000) and approximately RMB3,390,000 (2021: RMB6,904,000) in completed solar power plants and solar power plants under construction, respectively. As at 31 December 2022, the Remaining Group had a total of 170MW (2021: 340MW) installed capacity of completed solar power plants.

Interest in associates

As at 31 December 2022, the net carrying amount of associates was approximately RMB180,448,000 (2021: RMB172,237,000).

Goodwill

As at 31 December 2022, the Remaining Group had a total amount of approximately RMB547,000 (2021: RMB547,000) in respect of goodwill on the acquisition of subsidiaries in previous years.

Right-of-use Assets

As at 31 December 2022, the Remaining Group's right-of-use assets amounted to approximately RMB105,671,000 (2021: RMB135,820,000). The decrease was mainly contributed by the disposals of subsidiaries during the year ended 31 December 2022.

Financial assets measured of fair value through other comprehensive income

Financial assets measured of fair value through other comprehensive income decreased by approximately 64.1% from approximately RMB1,186,361,000 as at 31 December 2021 to approximately RMB760,194,000 as at 31 December 2022. The decrease is mainly due to (i) the fair value loss amounted to approximately RMB23,684,000; and (ii) the return of capital from Jiaxing Shengshi and 蘇州君盛晶石股權投資合夥企業(有限合夥)(Suzhou Junsheng Jingshi Equity Investment Partnership (Limited Partnership)*) which amounted to RMB180,000,000 and RMB222,500,000, respectively during the year ended 31 December 2022. The investments are held for long-term investment purpose and hence are classified as financial assets measured at fair value through other comprehensive income in the consolidated statement of financial position. For details, please refer to note 23 to the financial statements in the 2022 annual report.

Loan to an associate

As at 31 December 2022, the Remaining Group had a loan to an associate of approximately RMB121,400,000. The Remaining Group entered into a loan agreement with an associate, Kong Sun Baoyuan on 11 November 2022 for a loan period of 3 years. The loan is unsecured and interest-bearing, which carries interest rate of 9.0% per annum. No such amount was recorded for the year ended 31 December 2021.

Trade, bills and other receivables

Trade, bills and other receivables decreased by approximately 17.9% from approximately RMB1,891,350,000 as at 31 December 2021 to approximately RMB1,552,659,000 as at 31 December 2022. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2022.

Trade and Other Payables

Trade and other payables decreased by approximately 17.1% from approximately RMB390,654,000 as at 31 December 2021 to approximately RMB323,783,000 as at 31 December 2022. The balance mainly comprised payables to suppliers of solar modules and equipment and engineering procurement construction contractors for purchase of solar modules and equipment and construction costs of solar power plants. The decrease was mainly due to disposals of subsidiaries during the year ended 31 December 2022.

Liquidity and Capital Resources

As at 31 December 2022, cash and cash equivalents of the Remaining Group was approximately RMB270,374,000 (2021: RMB691,782,000), which included an amount of bank balances of approximately RMB267,920,000 (2021: RMB681,347,000) denominated in RMB placed with banks in the PRC. The remaining balance of the Remaining Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 31 December 2022, the Remaining Group's net debt ratio, which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents, over total equity, was approximately 0.64 (2021: 0.92).

Capital Expenditure

During the year ended 31 December 2022, the Remaining Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB2,942,000 (2021: RMB4,348,000) and approximately RMB51,091,000 (2021: RMB4,206,000), respectively.

Loans and Borrowings

As at 31 December 2022, the Remaining Group's total loans and borrowings was approximately RMB1,900,405,000 representing a decrease of approximately 42.1% compared to approximately RMB3,283,105,000 as at 31 December 2021. The decrease in the Remaining Group's total loans and borrowings was mainly due to disposals of subsidiaries, in which the loans and borrowings of these subsidiaries will be excluded from the Remaining Group upon their disposals. All the loans and borrowings of the Remaining Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 31 December 2022, loans and borrowings of approximately RMB1,567,241,000 (2021: RMB2,551,446,000) and approximately RMB333,164,000 (2021: RMB731,659,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2022, out of the total borrowings, approximately RMB358,420,000 (2021: RMB1,751,488,000) was repayable within one year and approximately RMB1,541,985,000 (2021: RMB1,531,617,000) was repayable after one year. For details, please refer to note 30 to the financial statements of the 2022 annual report.

Corporate bonds

As at 31 December 2022, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK$19,000,000 (equivalent to approximately RMB16,972,000) (2021: HK$102,000,000 (equivalent to approximately RMB83,395,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 6% (2021: 3% to 7%) per annum, and will mature on the date immediately following 3 to 96 months (2021: 3 to 96 months) after their issuance.

During the year ended 31 December 2022, the Remaining Group did not issue any corporate bonds.

During the year ended 31 December 2021, the Remaining Group issued corporate bonds with an aggregate principal amount of HK$10,500,000 (equivalent to approximately RMB8,715,000) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK$9,853,000 (equivalent to approximately RMB8,178,000), with total issue cost amounting to approximately HK$648,000 (equivalent to approximately RMB537,000).

During the year ended 31 December 2022, the Remaining Group repaid HK$83,000,000 (equivalent to approximately RMB71,289,000) (2021: HK$245,000,000 (equivalent to approximately RMB203,350,000)) in aggregate principal amount of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate ranging from 10.40% (2021: 10.40% to 14.56%) per annum. Imputed interest of approximately HK$2,432,000 (equivalent to approximately RMB2,089,000) (2021: HK$22,861,000 (equivalent to approximately RMB18,974,000)) (note 13 to the financial statements in the 2022 annual report) in respect of the corporate bonds was recognised in profit or loss during the year ended 31 December 2022.

Lease Liabilities

As at 31 December 2022, the Remaining Group's lease liabilities amounted to approximately RMB116,603,000 (2021: RMB129,945,000). The decrease was mainly contributed by the disposals of subsidiaries during the year ended 31 December 2022.

Foreign Exchange Risk

The Remaining Group primarily operates its business in the PRC and during the year ended 31 December 2022, the Remaining Group's revenue were primarily denominated in RMB, being the functional currency of the Remaining Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Remaining Group's business. The Remaining Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Remaining Group's cash value.

Charge on Assets

As at 31 December 2022, the Remaining Group had charged solar power plants, trade receivables and unlisted equity investments with net book value of approximately RMB676,538,000 (2021: RMB1,425,066,000), approximately RMB235,711,000 (2021: RMB533,683,000) and approximately RMB276,726,000 (2021: RMB281,365,000), respectively, to secure bank loans and other loans facilities granted to the Remaining Group.

Save as disclosed above and in note 30 to the financial statements in the 2022 annual report, during the year ended 31 December 2022, the Remaining Group has no other charges on assets.

Contingent Liabilities

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

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB82,601,000 granted by independent third parties to Gansu Hongyuan, an indirect wholly-owned subsidiary of the Company before its disposal on 22 September 2021.

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to Wushi Huayangweiye, an indirect wholly-owned subsidiary of the Company before its disposal on 22 December 2021.

As at 31 December 2021, the Remaining Group had executed guarantee with respect to a loan of approximately RMB54,092,000 granted by independent third parties to Kuche Tianhua, an indirect wholly-owned subsidiary of the Company before its disposal on 21 December 2021.

As at 31 December 2022, all guarantees granted by the Remaining Group in respect of the above loans have been released.

Save as disclosed above, during the year ended 31 December 2022, the Remaining Group had no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2022, the Remaining Group had approximately 769 (2021: 837) employees in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2022, the total employee benefit expenses (including directors' emoluments) were approximately RMB173,094,000 (2021: RMB131,668,000). For details, please refer to note 10 in the financial statements to the 2022 annual report. The remuneration policy of the Remaining Group is to provide remuneration packages, including basic salary and short-term bonuses, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Remaining Group's operations. The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. As at 31 December 2022, all outstanding options had lapsed.

Significant Investments and Material Acquisition and Disposal

During the year ended 31 December 2022, the Remaining Group did not have any significant investments with a value of 5% more of the Company's total assets.

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associated Companies

On 25 March 2022, the Remaining Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interest in 濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Photovoltaic Power Generation Limited*)("**Jiyuan Dayu**") and 50% equity interest in 寶豐縣鑫泰光伏電力科技開發有限公司 (Baofeng Xintai Photovoltaic Power Technology Development Limited*) ("**Baofeng Xintai**"), for a total consideration of approximately RMB118,675,000. The disposals of the entire equity interest in Jiyuan Dayu and 50% equity interest in Baofeng Xintai were completed on 27 June 2022 and 30 June 2022 respectively. Details of the disposals are set out in the Company's announcement dated 25 March 2022 and the Company's circular dated 19 May 2022.

On 11 November 2022, the Remaining Group entered into a partnership agreement in relation to the formation of the limited partnership 北京紅楓新能源合夥企業(有限合夥) (Beijing Hongfeng New Energy Investment Partnership (Limited Partnership)*). Details are set out in the Company's announcement dated 11 November 2022.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, joint ventures and associated companies by the Company during the year ended 31 December 2022. The Remaining Group had no definite plans for material investments and capital assets.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF DINGBIAN WANHESHUN NEW ENERGY POWER GENERATION LIMITED ("DINGBIAN WANHESHUN")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Dingbian Wanheshun New Energy Power Generation Limited ("**Dingbian Wanheshun**") set out on pages II-A-3 to II-A-15 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Dingbian Wanheshun in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Dingbian Wanheshun in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to note 2 to the Financial Information of Dingbian Wanheshun, which indicates that Dingbian Wanheshun had net current liabilities of RMB164,090,000 as at 31 May 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Dingbian Wanheshun's ability to continue as a going concern.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Dingbian Wanheshun which comprises the unaudited statements of financial position of Dingbian Wanheshun as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Dingbian Wanheshun. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Dingbian Wanheshun in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF DINGBIAN WANHESHUN

		For the year ended 31 December			For the five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	30,511	27,697	19,885	3,535	11,526
Cost of sales		(10,470)	(12,173)	(13,567)	(5,670)	(5,003)
Gross profit/(loss)		20,041	15,524	6,318	(2,135)	6,523
Other gains, net		–	85	100	–	–
Administrative expenses		(2,616)	(4,088)	(2,359)	(940)	(1,135)
Finance costs		(9,899)	(6,238)	(4,669)	(2,684)	–
Profit/(Loss) before income tax		7,526	5,283	(610)	(5,759)	5,388
Income tax (expense)/credit	*4*	(606)	(354)	–	1,440	(1,347)
Profit/(Loss) for the year/ period		6,920	4,929	(610)	(4,319)	4,041

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF DINGBIAN WANHESHUN

		31 December			31 May
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Solar power plant	*5*	181,503	176,837	180,129	176,293
Right-of-use assets		8,423	8,012	7,605	7,435
		189,926	184,849	187,734	183,728
Current assets					
Trade and other receivables	*6*	124,488	148,331	159,258	166,923
Amounts due from fellow subsidiaries	*8*	22,807	22,807	22,807	22,807
Cash and cash equivalents		1	1	102	102
Total current assets		147,296	171,139	182,167	189,832
Current liabilities					
Trade and other payables		23,993	7,224	16,489	12,364
Tax payables		–	290	–	1,333
Loans and borrowings	*7*	14,771	15,826	–	–
Amount due to immediate holding company	*8*	102,785	102,785	102,785	102,785
Amounts due to fellow subsidiaries	*8*	37,445	45,488	50,505	52,427
Amounts due to intermediate holding companies	*8*	59,191	93,463	184,525	185,013
Total current liabilities		238,185	265,076	354,304	353,922
Net current liabilities		(90,889)	(93,937)	(172,137)	(164,090)
Total assets less current liabilities		99,037	90,912	15,597	19,638

		31 December			31 May
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities					
Loans and borrowings	*7*	87,759	74,705	–	–
Total non-current liabilities		87,759	74,705	–	–
Net assets		11,278	16,207	15,597	19,638
Equity					
Paid-in capital		995	995	995	995
Reserves		10,283	15,212	14,602	18,643
Total equity		11,278	16,207	15,597	19,638

UNAUDITED STATEMENTS OF CASH FLOWS OF DINGBIAN WANHESHUN

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit/(Loss) before income tax	7,526	5,283	(610)	(5,759)	5,388
Adjustments for:					
Depreciation of solar power plant	8,285	8,285	8,731	3,451	3,836
Amortisation of right-of-use assets	410	411	407	171	170
Interest expense	9,899	6,238	4,669	2,684	–
Operating profit before working capital changes	26,120	20,217	13,197	547	9,394
Increase in trade and other receivables	(21,132)	(23,843)	(10,927)	(3,839)	(7,665)
(Decrease)/Increase in trade and other payables	(7,898)	2,322	15	1,426	(141)
Cash (used in)/generated from operating activities	(2,910)	(1,304)	2,285	(1,866)	1,588
Tax paid	(683)	(64)	(290)	(284)	(14)
Net cash (used in)/generated from operating activities	(3,593)	(1,368)	1,995	(2,150)	1,574
Cash flows from investing activities					
Payments for purchase of solar power plant	(1,409)	(19,938)	(2,773)	–	(3,984)
Net cash used in investing activities	(1,409)	(19,938)	(2,773)	–	(3,984)

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Repayment of loans and borrowings	(70,792)	(14,771)	(90,531)	(3,243)	–
Interest paid	(9,899)	(6,238)	(4,669)	(2,684)	–
Advances from fellow subsidiaries	36,473	8,043	5,017	2,584	1,922
Advances from intermediate holding companies	48,718	34,272	91,062	5,493	488
Net cash generated from financing activities	4,500	21,306	879	2,150	2,410
Net (decrease)/increase in cash and cash equivalents	(502)	–	101	–	–
Cash and cash equivalents at beginning of year/period	503	1	1	1	102
Cash and cash equivalents at end of year/period	1	1	102	1	102

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF DINGBIAN WANHESHUN

	Paid-in capital	**Statutory reserves**	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	995	3,404	28,034	32,433
Profit for the year	–	–	6,920	6,920
Dividend declared			(28,075)	(28,075)
Appropriation to PRC statutory reserve	–	774	(774)	–
Balance at 31 December 2020 and 1 January 2021	995	4,178	6,105	11,278
Profit for the year	–	–	4,929	4,929
Appropriation to PRC statutory reserve	–	427	(427)	–
Balance at 31 December 2021 and 1 January 2022	995	4,605	10,607	16,207
Loss for the year	–	–	(610)	(610)
Balance at 31 December 2022 and 1 January 2023	995	4,605	9,997	15,597
Profit for the period	–	–	4,041	4,041
Appropriation to PRC statutory reserve	–	404	(404)	–
Balance at 31 May 2023	995	5,009	13,634	19,638
Balance at 31 December 2021 and 1 January 2022	995	4,605	10,607	16,207
Loss for the period	–	–	(4,319)	(4,319)
Balance at 31 May 2022	995	4,605	6,288	11,888

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Dingbian Wanheshun is a limited liability company incorporated in PRC. The principal activity of Dingbian Wanheshun is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Dingbian Wanheshun entered into the agreement (the "**First Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Dingbian Wanheshun for a total consideration of approximately RMB607,000 (the "**First Disposal**"). Upon completion of the First Disposal, Dingbian Wanheshun will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Dingbian Wanheshun for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the First Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

The Unaudited Financial Information of Dingbian Wanheshun has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding Dingbian Wanheshun had net current liabilities of RMB164,090,000 as at 31 May 2023. These conditions indicate the existence of a material certainty which may cast significant doubt on Dingbian Wangheshun's ability to continue as a going concern and therefore Dingbian Wangheshun may not be able to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors of the Company are of the opinion that Dingbian Wangheshun will have sufficient cash resources to satisfy its future working capital and other financing requirements in the next twelve months from 31 May 2023 after taking into account the followings:

(i) the cash flow projection of Dingbian Wanheshun for the next twelve months from the reporting date, the directors are of the opinion that Dingbian Wanheshun is able to generate positive cash flows from its operation. In preparing the cash flow projection by the directors of Dingbian Wanheshun, it was assumed that proceeds of renewable energy subsidy receivables in respect of sale of electricity will be received with reference to prevalent payment trend after successfully enlisted in the renewable energy tariff subsidy catalogue;

(ii) the immediate holding company, intermediate holding company and fellow subsidiaries of Dingbian Wanheshun has confirmed not to demand repayment of debt due from Dingbian Wanheshun until such time when the repayment will not affect Dingbian Wanheshun's ability to repay other creditors in the normal course of business for twelve months after 31 May 2023 or up to the completion date of the First Disposal, whichever is earlier;

(iii) The Company has confirmed to provide continuing financial support to Dingbian Wanheshun so as to enable Dingbian Wanheshun to meet its liabilities and obligations as and when they fall due and to continue its business for twelve months after 31 May 2023 or up to the completion date of the First Disposal, whichever is earlier; and

(iv) The Purchaser has agreed, conditionally upon the completion of the First Disposal to provide continuing financial support to Dingbian Wanheshun so as to enable Dingbian Wanheshun to meet its liabilities and obligations as and when they fall due and to continue its business after the completion of the First Disposal.

Should Dingbian Wanheshun be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB18,456,000, RMB18,547,000, RMB12,856,000, RMB2,197,000 and RMB6,403,000 respectively.

4. INCOME TAX (EXPENSE)/CREDIT

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment(財政部、國家税務總局關於執行公共基礎設施項目企業所得税優惠目錄有關問題的通知), Dingbian Wanheshun has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

Pursuant to CaiShui 2020 No.23 Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies, Dingbian Wanheshun was entitled to the preferential tax policy of the western development and was subject to the preferential enterprise income tax of 15%.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	219,494
Additions	–
At 31 December 2020 and 1 January 2021	219,494
Additions	3,619
At 31 December 2021 and 1 January 2022	223,113
Additions	12,023
At 31 December 2022 and 1 January 2023	235,136
Additions	–
At 31 May 2023	235,136
Accumulated depreciation	
At 1 January 2020	(29,706)
Charged for the year	(8,285)
At 31 December 2020 and 1 January 2021	(37,991)
Charged for the year	(8,285)
At 31 December 2021 and 1 January 2022	(46,276)
Charged for the year	(8,731)
At 31 December 2022 and 1 January 2023	(55,007)
Charged for the period	(3,836)
At 31 May 2023	(58,843)
Net carrying amount	
At 31 December 2020	181,503
At 31 December 2021	176,837
At 31 December 2022	180,129
At 31 May 2023	176,293

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	102,773	133,927	156,397	164,076
Other receivables, prepayments and deposits	21,715	14,404	2,861	2,847
	124,488	148,331	159,258	166,923

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	3,321	4,757	7,265	7,683
Over 3 months but less than 6 months	6,262	8,990	8,143	7,576
Over 6 months but less than 12 months	11,959	17,551	7,062	16,211
Over 12 months but less than 24 months	26,104	21,542	31,298	20,920
More than 24 months	55,127	81,087	102,629	111,686
	102,773	133,927	156,397	164,076

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	1,845	1,793	2,235	2,111
Less than 3 months past due	4,060	5,186	7,984	7,896
Over 3 months but less than 6 months past due	5,514	10,228	8,226	7,400
Over 6 months but less than 12 months past due	11,975	13,947	5,506	14,095
Over 12 months but less than 24 months past due	25,786	23,394	31,154	24,377
More than 24 months past due	53,593	79,379	101,292	108,197
	102,773	133,927	156,397	164,076

Dingbian Wanheshun's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB100,738,000, RMB125,696,000, RMB140,224,000 and RMB147,460,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Dingbian Wanheshun are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. LOANS AND BORROWINGS

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current				
Secured				
– other borrowings	14,771	15,826	–	–
Non-current				
Secured				
– other borrowings	87,759	74,705	–	–
Total loans and borrowings	102,530	90,531	–	–

Dingbian Wanheshun's loans and borrowings are repayable as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	14,771	15,826	–	–
After 1 year but within 2 years	15,826	16,940	–	–
After 2 years but within 5 years	54,396	57,210	–	–
Over 5 years	17,537	555	–	–
	102,530	90,531	–	–
Effective interest rates	7.2%	6.5%	–	–

As at 31 December 2020 and 2021, the loans and borrowings were secured by solar power plant, trade receivables, guarantee deposit, its 100% equity shares from its immediate holding company and guarantee provided by the Group.

8. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANIES/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding companies/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Dingbian Wanheshun entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Intermediate holding company	Management service fee	794	794	794	331	331
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)		Other repair and maintenance fee	–	–	1,062	–	–
	Fellow subsidiary	Operation and maintenance fee	1,132	1,138	1,138	474	474

10. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	28,075	–	–	–	–

11. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Dingbian Wanheshun had declared a dividend amounting to RMB28,075,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF HUANGSHI HUANGYUAN PHOTOVOLTAIC POWER DEVELOPMENT LIMITED ("HUANGSHI HUANGYUAN")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Huangshi Huangyuan Photovoltaic Power Development Limited ("**Huangshi Huangyuan**") set out on pages II-B-3 to II-B-15 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Huangshi Huangyuan in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Huangshi Huangyuan in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to note 2 to the Financial Information of Huangshi Huangyuan, which indicates that Huangshi Huangyuan had net current liabilities of RMB42,902,000 as at 31 May 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Huangshi Huangyuan's ability to continue as a going concern.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Huangshi Huangyuan which comprises the unaudited statements of financial position of Huangshi Huangyuan as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Huangshi Huangyuan. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Huangshi Huangyuan in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF HUANGSHI HUANGYUAN

		For the year ended 31 December			For the five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	25,004	28,372	26,504	9,052	10,337
Cost of sales		(8,952)	(9,866)	(9,911)	(3,950)	(3,949)
Gross profit		16,052	18,506	16,593	5,102	6,388
Other gains/(losses), net		15	(155)	(123)	(277)	(71)
Administrative expenses		(934)	(1,024)	(1,010)	(345)	(347)
Finance costs		(12,248)	(12,527)	(9,615)	(3,739)	(3,318)
Profit before income tax		2,885	4,800	5,845	741	2,652
Income tax expense	*4*	(57)	(408)	(586)	(93)	(663)
Profit for the year/period		2,828	4,392	5,259	648	1,989

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF HUANGSHI HUANGYUAN

		31 December			31 May
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		165	143	462	444
Solar power plant	*5*	173,113	165,128	156,934	153,607
Right-of-use assets		8,591	8,730	7,043	6,411
		181,869	174,001	164,439	160,462
Current assets					
Trade and other receivables	*6*	79,806	92,626	98,897	105,612
Amounts due from fellow subsidiaries	*8*	1,016	750	–	88
Cash and cash equivalents		15	1,775	2,969	4,556
Total current assets		80,837	95,151	101,866	110,256
Current liabilities					
Trade and other payables		2,560	2,437	4,031	3,383
Tax payables		58	322	617	227
Lease liabilities		2,771	2,746	586	654
Loans and borrowings	*7*	17,340	17,463	17,594	17,643
Amounts due to fellow subsidiaries	*8*	10,832	11,971	11,887	11,962
Amount due to immediate holding company	*8*	39,505	46,879	49,503	50,481
Amounts due to intermediate holding company	*8*	37,168	65,808	66,808	68,808
Total current liabilities		110,234	147,626	151,026	153,158
Net current liabilities		(29,397)	(52,475)	(49,160)	(42,902)
Total assets less current liabilities		152,472	121,526	115,279	117,560

			31 December		31 May
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities					
Lease liabilities		5,438	5,735	5,609	5,685
Loans and borrowings	7	93,293	57,658	46,278	46,494
Total non-current liabilities		98,731	63,393	51,887	52,179
Net assets		53,741	58,133	63,392	65,381
Equity					
Paid-in capital		50,000	50,000	50,000	50,000
Reserves		3,741	8,133	13,392	15,381
Total equity		53,741	58,133	63,392	65,381

UNAUDITED STATEMENTS OF CASH FLOWS OF HUANGSHI HUANGYUAN

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit before income tax	2,885	4,800	5,845	741	2,652
Adjustments for:					
Depreciation of property, plant and equipment	25	22	19	8	18
Depreciation of solar power plant	6,983	7,639	7,621	3,175	3,177
Amortisation of right-of-use assets	351	352	519	147	144
(Gain)/Loss on disposal of solar power plant	(40)	172	279	279	72
Written off of property, plant and equipment	30	–	–	–	–
Loss on lease modification	–	–	–	–	448
Write off of other payables	–	–	(150)	–	–
Interest expense	12,248	12,527	9,615	3,739	3,318
Interest income	(11)	(3)	(6)	(2)	(1)
Operating profit before working capital changes	22,471	25,509	23,742	8,087	9,828
(Increase)/Decrease in trade and other receivables	(16,304)	(12,820)	(6,271)	4,061	(6,715)
(Decrease)/Increase in trade and other payables	(116)	(125)	1,915	(203)	(648)
Cash generated from operating activities	6,051	12,564	19,386	11,945	2,465
Tax paid	–	(144)	(291)	(291)	(1,053)
Net cash generated from operating activities	6,051	12,420	19,095	11,654	1,412

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from investing activities					
Payments for purchase of property, plant and equipment	–	–	(338)	–	–
Payments for purchase of solar power plant	(3,391)	(54)	(171)	–	–
Payments for purchase of right-of-use assets	(446)	(491)	–	–	–
Proceeds from disposal of solar power plant	163	230	294	294	78
Interest received	11	3	6	2	1
Repayments from fellow subsidiaries	–	266	1,082	–	–
Advances to fellow subsidiaries	(45)	–	(332)	(332)	(88)
Net cash (used in)/generated from investing activities	(3,708)	(46)	541	(36)	(9)
Cash flows from financing activities					
Proceed from loans and borrowings	–	–	–	–	265
Repayment of loans and borrowings	(18,702)	(35,512)	(11,249)	(11,249)	–
Interest paid	(11,789)	(12,255)	(9,306)	(3,547)	(3,134)
Payments of lease liabilities	–	–	(1,427)	–	–
Advances from fellow subsidiaries	383	1,139	542	542	75
Advances from immediate holding company	–	7,374	2,624	854	978
Advances from intermediate holding company	20,700	28,640	1,000	40	2,000
Repayments to fellow subsidiaries	–	–	(626)	–	–
Repayments to immediate holding company	(1,023)	–	–	–	–
Net cash (used in)/generated from financing activities	(10,431)	(10,614)	(18,442)	(13,360)	184
Net (decrease)/increase in cash and cash equivalents	(8,088)	1,760	1,194	(1,742)	1,587
Cash and cash equivalents at beginning of year/period	8,103	15	1,775	1,775	2,969
Cash and cash equivalents at end of year/period	15	1,775	2,969	33	4,556

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF HUANGSHI HUANGYUAN

	Paid-in capital *RMB'000* (Unaudited)	Statutory reserves *RMB'000* (Unaudited)	Retained profits *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Balance at 1 January 2020	50,000	762	7,977	58,739
Profit for the year	–	–	2,828	2,828
Dividend declared	–	–	(7,826)	(7,826)
Appropriation to statutory reserves	–	283	(283)	–
Balance at 31 December 2020 and 1 January 2021	50,000	1,045	2,696	53,741
Profit for the year	–	–	4,392	4,392
Appropriation to statutory reserves	–	480	(480)	–
Balance at 31 December 2021 and 1 January 2022	50,000	1,525	6,608	58,133
Profit for the year	–	–	5,259	5,259
Appropriation to statutory reserves	–	526	(526)	–
Balance at 31 December 2022 and 1 January 2023	50,000	2,051	11,341	63,392
Profit for the period	–	–	1,989	1,989
Appropriation to statutory reserves	–	199	(199)	–
Balance at 31 May 2023	50,000	2,250	13,131	65,381
Balance at 31 December 2021 and 1 January 2022	50,000	1,525	6,608	58,133
Profit for the period	–	–	648	648
Appropriation to statutory reserves	–	65	(65)	–
Balance at 31 May 2022	50,000	1,590	7,191	58,781

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Huangshi Huangyuan is a limited liability company incorporated in PRC. The principal activity of Huangshi Huangyuan is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Huangshi Huangyuan entered into the Agreement (the "**Second Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Huangshi Huangyuan at a total consideration of approximately RMB40,529,000 (the "**Second Disposal**"). Upon completion of the Second Disposal, Huangshi Huangyuan will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Huangshi Huangyuan for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Second Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

The Unaudited Financial Information of Huangshi Huangyuan has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding Huangshi Huangyuan had net current liabilities of RMB42,902,000 as at 31 May 2023. This condition indicates the existence of a material certainty which may cast significant doubt on Dingbian Wangheshun's ability to continue as a going concern and therefore Dingbian Wangheshun may not be able to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors of the Company are of the opinion that Dingbian Wangheshun will have sufficient cash resources to satisfy its future working capital and other financing requirements in the next twelve months from 31 May 2023 after taking into account the followings:

(i) the cash flow projection of Huangshi Huangyuan for the next twelve months from the reporting date, the directors are of the opinion that Huangshi Huangyuan is able to generate positive cash flows from its operation. In preparing the cash flow projection by the directors of Huangshi Huangyuan, it was assumed that proceeds of renewable energy subsidy receivables in respect of sale of electricity will be received with reference to prevalent payment trend after successfully enlisted in the renewable energy tariff subsidy catalogue;

(ii) the immediate holding company, intermediate holding company and fellow subsidiaries of Huangshi Huangyuan has confirmed not to demand repayment of debt due from Huangshi Huangyuan until such time when the repayment will not affect Huangshi Huangyuan's ability to repay other creditors in the normal course of business for twelve months after 31 May 2023 or up to the completion date of the Second Disposal, whichever is earlier;

(iii) The Company has confirmed to provide continuing financial support to Huangshi Huangyuan so as to enable Huangshi Huangyuan to meet its liabilities and obligations as and when they fall due and to continue its business for twelve months after 31 May 2023 or up to the completion date of the Second Disposal, whichever is earlier; and

(iv) The Purchaser has agreed, conditionally upon the completion of the Second Disposal to provide continuing financial support to Huangshi Huangyuan so as to enable Huangshi Huangyuan to meet its liabilities and obligations as and when they fall due and to continue its business after the completion of the Second Disposal.

Should Huangshi Huangyuan be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB14,648,000, RMB17,688,000, RMB14,933,000, RMB4,947,000 and RMB5,953,000 respectively.

4. INCOME TAX EXPENSE

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment（財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知）, Huangshi Huangyuan has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

Pursuant to CaiShui 2020 No.23 Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies, Huangshi Huangyuan was entitled to the preferential tax policy of the western development and was subject to the preferential enterprise income tax of 15%.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	200,069
Additions	783
Disposal	(143)
At 31 December 2020 and 1 January 2021	200,709
Additions	56
Disposal	(501)
At 31 December 2021 and 1 January 2022	200,264
Disposal	(728)
At 31 December 2022 and 1 January 2023	199,536
Disposal	(194)
At 31 May 2023	199,342
Accumulated depreciation	
At 1 January 2020	(20,633)
Charged for the year	(6,983)
Disposal	20
At 31 December 2020 and 1 January 2021	(27,596)
Charged for the year	(7,639)
Disposal	99
At 31 December 2021 and 1 January 2022	(35,136)
Charged for the year	(7,621)
Disposal	155
At 31 December 2022 and 1 January 2023	(42,602)
Charged for the period	(3,177)
Disposal	44
At 31 May 2023	(45,735)
Net carrying amount	
At 31 December 2020	173,113
At 31 December 2021	165,128
At 31 December 2022	156,934
At 31 May 2023	153,607

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	58,471	74,866	91,105	97,817
Other receivables, prepayments and deposits	21,335	17,760	7,792	7,795
	79,806	92,626	98,897	105,612

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	4,587	5,129	4,517	7,962
Over 3 months but less than 6 months	4,567	5,027	5,672	5,648
Over 6 months but less than 12 months	8,137	7,670	7,863	9,938
Over 12 months but less than 24 months	14,120	15,860	16,842	16,940
More than 24 months	27,060	41,180	56,211	57,329
	58,471	74,866	91,105	97,817

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	1,470	2,316	1,929	2,777
Less than 3 months past due	4,342	4,721	4,325	6,529
Over 3 months but less than 6 months past due	4,754	4,701	5,613	5,388
Over 6 months but less than 12 months past due	7,614	6,934	7,518	10,518
Over 12 months but less than 24 months past due	13,633	15,903	16,355	16,598
More than 24 months past due	26,658	40,291	55,365	56,007
	58,471	74,866	91,105	97,817

Huangshi Huangyuan's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB57,040,000, RMB74,241,000, RMB90,286,000 and RMB96,638,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Huangshi Huangyuan are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. LOANS AND BORROWINGS

	As at 31 December			**As at 31 May**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current				
Secured				
– other borrowings	17,340	17,463	17,594	17,643
Non-current				
Secured				
– other borrowings	93,293	57,658	46,278	46,494
Total loans and borrowings	110,633	75,121	63,872	64,137

Huangshi Huangyuan's loans and borrowings are repayable as follows:

	As at 31 December			**As at 31 May**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	17,340	17,463	17,594	17,643
After 1 year but within 2 years	17,463	17,594	17,747	17,778
After 2 years but within 5 years	53,237	40,064	28,531	28,716
Over 5 years	22,593	–	–	–
	110,633	75,121	63,872	64,137
Effective interest rates	9.8%	13.2%	13.4%	11.8%

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loans and borrowings were secured by solar power plant, trade receivables, guarantee deposit, 100% equity shares from its immediate holding company and guarantee provided by the Group.

8. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding company/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Huangshi Huangyuan entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Immediate holding company	Management service fee	794	794	794	331	331
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)	Fellow subsidiary	Operation and maintenance fee	1,132	1,178	1,132	472	472
陝西億潤新能源科技有限公司 (Shaanxi Yirun New Energy Technology Co., Ltd.)	Fellow subsidiary	Maintenance fee	–	20	132	–	–

10. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	7,826	-	-	-	-

11. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Huangshi Huangyuan had declared a dividend amounting to RMB7,826,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF YULIN ZHENGXIN ELECTRICITY LIMITED ("YULIN ZHENGXIN")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Yulin Zhengxin Electricity Limited ("**Yulin Zhengxin**") set out on pages II-C-3 to II-C-15 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Yulin Zhengxin in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Yulin Zhengxin in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to note 2 to the Financial Information of Yulin Zhengxin, which indicates that Yulin Zhengxin had net current liabilities of RMB60,832,000 as at 31 May 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Yulin Zhengxin's ability to continue as a going concern.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Yulin Zhengxin which comprises the unaudited statements of financial position of Yulin Zhengxin as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Yulin Zhengxin. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Yulin Zhengxin in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF YULIN ZHENGXIN

		For the year ended 31 December			For the five months ended 31 May	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	32,178	27,429	26,255	11,445	10,878
Cost of sales		(10,119)	(11,065)	(11,666)	(4,344)	(4,714)
Gross profit		22,059	16,364	14,589	7,101	6,164
Other gains/(losses), net		9	(179)	–	–	–
Administrative expenses		(3,847)	(5,132)	(3,389)	(1,339)	(1,212)
Finance costs		(8,308)	(11,873)	(11,370)	(3,748)	(3,618)
Profit/(Loss) before income tax		9,913	(820)	(170)	2,014	1,334
Income tax expense	*4*	(758)	–	–	(504)	(334)
Profit/(Loss) for the year/period		9,155	(820)	(170)	1,510	1,000

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF YULIN ZHENGXIN

		31 December			31 May
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Solar power plant	*5*	171,139	162,034	165,394	161,791
Right-of-use assets		6,409	6,095	5,784	5,654
		177,548	168,129	171,178	167,445
Current assets					
Trade and other receivables	*6*	119,292	126,960	130,585	138,996
Tax receivables		–	72	–	–
Amounts due from fellow subsidiaries	*8*	53,384	54,500	63,749	67,586
Cash and cash equivalents		34	19	48	3,189
Total current assets		172,710	181,551	194,382	209,771
Current liabilities					
Trade and other payables		2,499	1,412	12,656	12,673
Tax payables		352	–	–	–
Loans and borrowings	*7*	14,516	15,558	16,657	17,217
Amount due to immediate holding company	*8*	112,546	119,950	126,967	128,809
Amounts due to fellow subsidiaries	*8*	223	3,720	2,200	2,303
Amounts due to intermediate holding company	*8*	80,659	82,889	94,375	109,601
Total current liabilities		210,795	223,529	252,855	270,603
Net current liabilities		(38,085)	(41,978)	(58,473)	(60,832)
Total assets less current liabilities		139,463	126,151	112,705	106,613

			31 December		31 May
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities					
Loans and borrowings	7	79,253	66,761	53,485	46,393
Total non-current liabilities		79,253	66,761	53,485	46,393
Net assets		60,210	59,390	59,220	60,220
Equity					
Paid-in capital		60,000	60,000	60,000	60,000
Reserves		210	(610)	(780)	220
Total equity		60,210	59,390	59,220	60,220

UNAUDITED STATEMENTS OF CASH FLOWS OF YULIN ZHENGXIN

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit/(Loss) before income tax	9,913	(820)	(170)	2,014	1,334
Adjustments for:					
Depreciation of solar power plant	8,081	8,081	8,040	3,367	3,603
Amortisation of right-of-use assets	314	314	311	130	130
Interest expense	8,308	11,873	11,370	3,748	3,618
Operating profit before working capital changes	26,616	19,448	19,551	9,259	8,685
Decrease/(Increase) in trade and other receivables	999	(7,668)	(3,625)	(652)	(8,412)
(Decrease)/Increase in trade and other payables	(711)	4,100	3,230	(798)	18
Cash generated from operating activities	26,904	15,880	19,156	7,809	291
Tax (paid)/refunded	(405)	(424)	72	(77)	(334)
Net cash generated from/(used in) operating activities	26,499	15,456	19,228	7,732	(43)
Cash flows from investing activities					
Payments for purchase of solar power plant	(331)	(1,097)	(5)	–	–
Advances to fellow subsidiaries	(44,319)	(1,116)	(9,249)	(4,190)	(3,837)
Net cash used in from investing activities	(44,650)	(2,213)	(9,254)	(4,190)	(3,837)

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Repayment of loans and borrowings	(79,400)	(14,516)	(15,558)	(6,076)	(6,532)
Interest paid	(8,308)	(11,873)	(11,370)	(3,748)	(3,618)
Advances from immediate holding company	38,566	7,404	7,017	1,923	1,842
Advances from intermediate holding company	66,221	2,230	11,486	9,780	15,226
Advances from fellow subsidiaries	127	3,497	1,726	–	103
Repayments to fellow subsidiaries	–	–	(3,246)	(3,246)	–
Net cash generated from/(used in) financing activities	17,206	(13,258)	(9,945)	(1,367)	7,021
Net (decrease)/increase in cash and cash equivalents	(945)	(15)	29	2,175	3,141
Cash and cash equivalents at beginning of year/period	979	34	19	19	48
Cash and cash equivalents at end of year/period	34	19	48	2,194	3,189

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF YULIN ZHENGXIN

	Paid-in capital	Statutory reserves	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	60,000	210	25,386	85,596
Profit for the year	–	–	9,155	9,155
Dividend declared	–	–	(34,541)	(34,541)
Appropriation to statutory reserves	–	915	(915)	–
Balance at 31 December 2020 and 1 January 2021	60,000	1,125	(915)	60,210
Loss for the year	–	–	(820)	(820)
Balance at 31 December 2021 and 1 January 2022	60,000	1,125	(1,735)	59,390
Loss for the year	–	–	(170)	(170)
Balance at 31 December 2022 and 1 January 2023	60,000	1,125	(1,905)	59,220
Profit for the period	–	–	1,000	1,000
Appropriation to statutory reserves	–	100	(100)	–
Balance at 31 May 2023	60,000	1,225	(1,005)	60,220
Balance at 31 December 2021 and 1 January 2022	60,000	1,125	(1,735)	59,390
Profit for the period	–	–	1,510	1,510
Appropriation to statutory reserves	–	151	(151)	–
Balance at 31 May 2022	60,000	1,276	(376)	60,900

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Yulin Zhengxin is a limited liability company incorporated in PRC. The principal activity of Yulin Zhengxin is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Yulin Zhengxin entered into the Agreement (the "**Third Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Yulin Zhengxin at a total consideration of approximately RMB52,858,000 (the "**Third Disposal**"). Upon completion of the Third Disposal, Yulin Zhengxin will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Yulin Zhengxin for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Third Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

The Unaudited Financial Information of Yulin Zhengxin has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding Yulin Zhengxin had net current liabilities of RMB60,832,000 as at 31 May 2023. This condition indicates the existence of a material certainty which may cast significant doubt on Yulin Zhengxin's ability to continue as a going concern and therefore Yulin Zhengxin may not be able to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors of the Company are of the opinion that Yulin Zhengxin will have sufficient cash resources to satisfy its future working capital and other financing requirements in the next twelve months from 31 May 2023 after taking into account the followings:

(i) the cash flow projection of Yulin Zhengxin for the next twelve months from the reporting date, the directors are of the opinion that Yulin Zhengxin is able to generate positive cash flows from its operation. In preparing the cash flow projection by the directors of Yulin Zhengxin, it was assumed that proceeds of renewable energy subsidy receivables in respect of sale of electricity will be received with reference to prevalent payment trend after successfully enlisted in the renewable energy tariff subsidy catalogue;

(ii) the immediate holding company and intermediate holding company of Yulin Zhengxin has confirmed not to demand repayment of debt due from Yulin Zhengxin until such time when the repayment will not affect Yulin Zhengxin's ability to repay other creditors in the normal course of business for twelve months after 31 May 2023 or up to the completion date of the Third Disposal, whichever is earlier;

(iii) The Company has confirmed to provide continuing financial support to Yulin Zhengxin so as to enable Yulin Zhengxin to meet its liabilities and obligations as and when they fall due and to continue its business for twelve months after 31 May 2023 or up to the completion date of the Third Disposal, whichever is earlier; and

(iv) The Purchaser has agreed, conditionally upon the completion of the Third Disposal to provide continuing financial support to Yulin Zhengxin so as to enable Yulin Zhengxin to meet its liabilities and obligations as and when they fall due and to continue its business after the completion of the Third Disposal.

Should Yulin Zhengxin be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB22,340,000, RMB18,334,000, RMB17,499,000, RMB7,682,000 and RMB7,464,000 respectively.

4. INCOME TAX EXPENSE

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), Yulin Zhengxin has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

Pursuant to CaiShui 2020 No.23 Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies, Yulin Zhengxin was entitled to the preferential tax policy of the western development and was subject to the preferential enterprise income tax of 15%.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	207,287
Additions	–
At 31 December 2020 and 1 January 2021	207,287
Written off	(1,024)
At 31 December 2021 and 1 January 2022	206,263
Additions	11,400
At 31 December 2022 and 1 January 2023	217,663
Additions	–
At 31 May 2023	217,663
Accumulated depreciation	
At 1 January 2020	(28,067)
Charged for the year	(8,081)
At 31 December 2020 and 1 January 2021	(36,148)
Charged for the year	(8,081)
At 31 December 2021 and 1 January 2022	(44,229)
Charged for the year	(8,040)
At 31 December 2022 and 1 January 2023	(52,269)
Charged for the period	(3,603)
At 31 May 2023	(55,872)
Net carrying amount	
At 31 December 2020	171,139
At 31 December 2021	162,034
At 31 December 2022	165,394
At 31 May 2023	161,791

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	90,057	102,020	112,309	120,720
Other receivables, prepayments and deposits	29,235	24,940	18,276	18,276
	119,292	126,960	130,585	138,996

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	5,654	4,953	5,359	7,546
Over 3 months but less than 6 months	6,775	5,413	4,683	7,085
Over 6 months but less than 12 months	12,980	11,462	10,555	9,577
Over 12 months but less than 24 months	26,203	25,409	20,717	20,085
More than 24 months	38,445	54,783	70,995	76,427
	90,057	102,020	112,309	120,720

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	1,771	2,955	2,460	2,174
Less than 3 months past due	6,508	3,325	4,674	7,655
Over 3 months but less than 6 months past due	6,414	6,235	4,783	6,223
Over 6 months but less than 12 months past due	12,577	11,492	10,525	10,277
Over 12 months but less than 24 months past due	25,772	25,499	21,052	20,105
More than 24 months past due	37,015	52,514	68,815	74,286
	90,057	102,020	112,309	120,720

Yulin Zhengxin's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB89,913,000, RMB100,249,000, RMB111,365,000 and RMB119,800,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Yulin Zhengxin are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. LOANS AND BORROWINGS

	As at 31 December			**As at 31 May**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current				
Secured				
– other borrowings	14,516	15,558	16,657	17,217
Non-current				
Secured				
– other borrowings	79,253	66,761	53,485	46,393
Total loans and borrowings	93,769	82,319	70,142	63,610

Yulin Zhengxin's loans and borrowings are repayable as follows:

	As at 31 December			**As at 31 May**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	14,516	15,558	16,657	17,217
After 1 year but within 2 years	15,558	16,657	17,805	18,417
After 2 years but within 5 years	53,500	49,555	35,680	27,976
Over 5 years	10,195	549	–	–
	93,769	82,319	70,142	63,610
Effective interest rates	12.9%	13.5%	14.9%	13.0%

As at 31 December 2020, 2021 and 2022 and 31 May 2023, loans and other borrowings were secured by solar power plant, trade receivables, guarantee deposit, 100% equity interests of its immediate holding company, and guarantee provided by the Group.

8. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding company/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Yulin Zhengxin entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Immediate holding company	Management service fee	794	794	794	331	331
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)	Fellow subsidiary	Other repair and maintenance fee	–	–	1,062	–	–
		Operation and maintenance fee	1,132	1,138	1,138	474	474
陝西億潤新能源科技有限公司 (Shaanxi Yirun New Energy Technology Co., Ltd.)	Fellow subsidiary	Maintenance fee	–	184	–	–	–

10. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	34,541	–	–	–	–

11. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Yulin Zhengxin had declared a dividend amounting to RMB34,541,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF SHENGZHOU YIHUI PHOTOVOLTAIC POWER GENERATION LIMITED ("SHENGZHOU YIHUI")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Shengzhou Yihui Photovoltaic Power Generation Limited ("**Shengzhou Yihui**") set out on pages II-D-3 to II-D-14 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Shengzhou Yihui in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Shengzhou Yihui in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Shengzhou Yihui which comprises the unaudited statements of financial position of Shengzhou Yihui as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Shengzhou Yihui. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Shengzhou Yihui in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF SHENGZHOU YIHUI

		For the year ended 31 December			For the five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	19,562	20,344	21,101	7,860	8,688
Cost of sales		(7,522)	(7,703)	(8,462)	(3,156)	(3,187)
Gross profit		12,040	12,641	12,639	4,704	5,501
Other gains/(losses), net		3	3	9	3	(3)
Administrative expenses		(687)	(705)	(679)	(280)	(384)
Finance costs		(9,615)	(8,364)	(6,721)	(2,640)	(2,954)
Profit before income tax		1,741	3,575	5,248	1,787	2,160
Income tax expense	*4*	(218)	(400)	(1,314)	(449)	(540)
Profit for the year/period		1,523	3,175	3,934	1,338	1,620

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF SHENGZHOU YIHUI

		31 December			31 May
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		6	6	6	6
Solar power plant	*5*	130,958	125,001	119,312	116,785
Right-of-use assets		9,012	8,554	8,095	7,904
		139,976	133,561	127,413	124,695
Current assets					
Trade and other receivables	*6*	77,707	87,182	36,515	27,960
Amounts due from intermediate holdings companies	*8*	–	–	–	44,110
Cash and cash equivalents		611	4,007	28,423	1,280
Total current assets		78,318	91,189	64,938	73,350
Current liabilities					
Trade and other payables		371	211	257	1,775
Tax payables		–	261	9	188
Lease liabilities		2,912	–	–	–
Loans and borrowings	*7*	12,302	12,404	–	400
Amounts due to fellow subsidiaries	*8*	1,155	1,937	1,363	1,756
Amount due to immediate holding company	*8*	17,861	17,861	17,861	17,861
Amounts due to intermediate holding companies	*8*	66,975	94,293	115,017	6,880
Total current liabilities		101,576	126,967	134,507	28,860
Net current (liabilities)/assets		(23,258)	(35,778)	(69,569)	44,490
Total assets less current liabilities		116,718	97,783	57,844	169,185

		31 December			31 May
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities					
Lease liabilities		6,817	6,811	7,185	7,306
Loans and borrowings	7	66,351	44,247	–	109,600
Total non-current liabilities		73,168	51,058	7,185	116,906
Net assets		43,550	46,725	50,659	52,279
Equity					
Paid-in capital		40,000	40,000	40,000	40,000
Reserves		3,550	6,725	10,659	12,279
Total equity		43,550	46,725	50,659	52,279

UNAUDITED STATEMENTS OF CASH FLOWS OF SHENGZHOU YIHUI

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit before income tax	1,741	3,575	5,248	1,787	2,160
Adjustments for:					
Depreciation of property, plant and equipment	23	–	–	–	–
Depreciation of solar power plant	5,957	5,957	5,957	2,483	2,527
Amortisation of right-of-use assets	462	458	459	191	191
Interest expense	9,615	8,364	6,721	2,640	2,954
Interest income	(3)	(3)	(9)	(3)	(5)
Operating profit before working capital changes	17,795	18,351	18,376	7,098	7,827
(Increase)/Decrease in trade and other receivables	(11,788)	(9,476)	50,668	(3,007)	8,555
Increase/(Decrease) in trade and other payables	43	(159)	(56)	823	1,527
Cash generated from operating activities	6,050	8,716	68,988	4,914	17,909
Tax paid	(372)	(139)	(1,566)	(6)	(361)
Net cash generated from operating activities	5,678	8,577	67,422	4,908	17,548
Cash flows from investing activities					
Payments for purchase of solar power plant	–	–	(167)	–	(9)
Interest received	3	3	9	3	5
Advances to intermediate holding company	–	–	–	–	(44,110)
Net cash generated from/(used in) investing activities	3	3	(158)	3	(44,114)

	For the year ended 31 December			For the five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Proceeds from loans and borrowings	–	–	–	–	110,000
Repayment of loans and borrowings	(13,287)	(22,002)	(56,651)	(7,825)	–
Interest paid	(9,038)	(7,975)	(6,347)	(2,487)	(2,833)
Payments of lease liabilities	–	(3,307)	–	–	–
Advances from fellow subsidiaries	792	782	369	369	393
Repayments to fellow subsidiaries	–	–	(943)	–	–
Advances from intermediate holding companies	15,113	27,318	20,724	1,093	–
Repayments to intermediate holding companies	–	–	–	–	(108,137)
Net cash used in financing activities	(6,420)	(5,184)	(42,848)	(8,850)	(577)
Net (decrease)/increase in cash and cash equivalents	(739)	3,396	24,416	(3,939)	(27,143)
Cash and cash equivalents at beginning of year/period	1,350	611	4,007	4,007	28,423
Cash and cash equivalents at end of year/period	611	4,007	28,423	68	1,280

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF SHENGZHOU YIHUI

	Paid-in capital *RMB'000* (Unaudited)	Statutory reserves *RMB'000* (Unaudited)	Retained profits *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Balance at 1 January 2020	40,000	1,989	17,898	59,887
Profit for the year	–	–	1,523	1,523
Dividend declared	–	–	(17,860)	(17,860)
Appropriation to statutory reserves	–	152	(152)	–
Balance at 31 December 2020 and 1 January 2021	40,000	2,141	1,409	43,550
Profit for the year	–	–	3,175	3,175
Appropriation to statutory reserves	–	313	(313)	–
Balance at 31 December 2021 and 1 January 2022	40,000	2,454	4,271	46,725
Profit for the year	–	–	3,934	3,934
Appropriation to statutory reserves	–	394	(394)	–
Balance at 31 December 2022 and 1 January 2023	40,000	2,848	7,811	50,659
Profit for the period	–	–	1,620	1,620
Appropriation to statutory reserves	–	162	(162)	–
Balance at 31 May 2023	40,000	3,010	9,269	52,279
Balance at 31 December 2021 and 1 January 2022	40,000	2,454	4,271	46,725
Profit for the period	–	–	1,338	1,338
Appropriation to statutory reserves	–	134	(134)	–
Balance at 31 May 2022	40,000	2,588	5,475	48,063

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shengzhou Yihui is a limited liability company incorporated in PRC. The principal activity of Shengzhou Yihui is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Shengzhou Yihui entered into the agreement (the "**Forth Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Shengzhou Yihui at a total consideration of approximately RMB38,501,000 (the "**Forth Disposal**"). Upon completion of the Forth Disposal, Shengzhou Yihui will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Shengzhou Yihui for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Forth Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB12,176,000, RMB12,663,000, RMB13,135,000, RMB4,892,000 and RMB5,408,000 respectively.

4. INCOME TAX EXPENSE

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), Shengzhou Yihui has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	157,519
Additions	–
At 31 December 2020 and 1 January 2021	157,519
Additions	–
At 31 December 2021 and 1 January 2022	157,519
Additions	268
At 31 December 2022 and 1 January 2023	157,787
Additions	–
At 31 May 2023	157,787
Accumulated depreciation	
At 1 January 2020	(20,604)
Charged for the year	(5,957)
At 31 December 2020 and 1 January 2021	(26,561)
Charged for the year	(5,957)
At 31 December 2021 and 1 January 2022	(32,518)
Charged for the year	(5,957)
At 31 December 2022 and 1 January 2023	(38,475)
Charged for the period	(2,527)
At 31 May 2023	(41,002)
Net carrying amount	
At 31 December 2020	130,958
At 31 December 2021	125,001
At 31 December 2022	119,312
At 31 May 2023	116,785

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	67,176	79,006	31,015	27,960
Other receivables, prepayments and deposits	10,531	8,176	5,500	–
	77,707	87,182	36,515	27,960

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	3,486	3,962	3,401	6,335
Over 3 months but less than 6 months	3,964	4,313	5,080	4,970
Over 6 months but less than 12 months	6,804	6,753	6,923	8,389
Over 12 months but less than 24 months	14,042	13,759	14,310	8,266
More than 24 months	38,880	50,219	1,301	–
	67,176	79,006	31,015	27,960

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	1,312	1,904	1,487	2,357
Less than 3 months past due	3,278	3,520	3,255	5,513
Over 3 months but less than 6 months past due	4,412	3,996	5,133	4,151
Over 6 months but less than 12 months past due	6,112	6,425	6,713	9,114
Over 12 months but less than 24 months past due	29,702	13,802	13,942	6,825
More than 24 months past due	22,360	49,359	485	–
	67,176	79,006	31,015	27,960

Shengzhou Yihui's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB66,681,000, RMB78,288,000, RMB30,453,000 and RMB27,069,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Shengzhou Yihui are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. LOANS AND BORROWINGS

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current				
Secured				
– other borrowings	12,302	12,404	–	400
Non-current				
Secured				
– other borrowings	66,351	44,247	–	109,600
Total loans and borrowings	78,653	56,651	–	110,000

Shengzhou Yihui's loans and borrowings are repayable as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	12,302	12,404	–	400
After 1 year but within 2 years	12,404	12,515	–	400
After 2 years but within 5 years	37,874	31,732	–	43,680
Over 5 years	16,073	–	–	65,520
	78,653	56,651	–	110,000
Effective interest rates	10.6%	11.8%	–	12.4%

As at 31 December 2020 and 2021, and 31 May 2023, the loans and borrowings were secured by solar power plant, trade receivables, guarantee deposit, its 100% equity shares from its immediate holding company and guarantee provided by the Group.

8. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANIES/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding companies/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Shengzhou Yihui entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Intermediate holding company	Management service fee	667	667	667	278	278
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)	Fellow subsidiary	Other repair and maintenance fee	–	–	616	–	–
		Operation and maintenance fee	747	758	1,363	311	311
陝西億潤新能源科技有限公司 (Shaanxi Yirun New Energy Technology Co., Ltd.)	Fellow subsidiary	Maintenance fee	–	19	113	11	11

10. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	17,860	–	–	–	–

11. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Shengzhou Yihui had declared a dividend amounting to RMB17,860,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF DINGBIAN JINGYANG ELECTRICITY COMPANY LIMITED ("DINGBIAN JINGYANG")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Dingbian Jingyang Electricity Company Limited ("**Dingbian Jingyang**") set out on pages II-E-3 to II-E-13 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Dingbian Jingyang in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Dingbian Jingyang in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Dingbian Jingyang which comprises the unaudited statements of financial position of Dingbian Jingyang as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Dingbian Jingyang. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Dingbian Jingyang in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF DINGBIAN JINGYANG

		For the year ended 31 December			For the five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	31,147	27,598	14,001	231	11,951
Cost of sales		(11,487)	(12,570)	(11,997)	(5,781)	(5,075)
Gross profit/(loss)		19,660	15,028	2,004	(5,550)	6,876
Other gains, net		25	105	109	–	–
Administrative expenses		(4,472)	(9,269)	(3,052)	(1,196)	(1,153)
Profit/(Loss) before income tax		15,213	5,864	(939)	(6,746)	5,723
Income tax expense	*4*	(1,220)	(162)	–	–	(1,431)
Profit/(Loss) for the year/ period		13,993	5,702	(939)	(6,746)	4,292

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF DINGBIAN JINGYANG

		31 December			31 May
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Solar power plant	*5*	181,834	177,014	180,648	176,783
Right-of-use assets		10,918	10,322	9,797	9,579
		192,752	187,336	190,445	186,362
Current assets					
Inventories		–	195	195	195
Trade and other receivables	*6*	126,850	151,917	165,911	171,217
Amount due from intermediate holding company	*7*	144,691	128,208	117,248	108,332
Cash and cash equivalents		6,926	32	32	32
Total current assets		278,467	280,352	283,386	279,776
Current liabilities					
Trade and other payables		36,516	26,944	27,065	11,613
Tax payables		535	286	–	1,345
Amounts due to fellow subsidiaries	*7*	110,994	111,582	118,829	120,951
Amount due to immediate holding company	*7*	51,700	51,700	51,700	51,700
Amount due to intermediate holding company	*7*	5,996	5,996	5,996	5,996
Total current liabilities		205,741	196,508	203,590	191,605
Net current assets		72,726	83,844	79,796	88,171
Total assets less current liabilities		265,478	271,180	270,241	274,533
Net asset		265,478	271,180	270,241	274,533
Equity					
Paid-in capital		245,351	245,351	245,351	245,351
Reserves		20,127	25,829	24,890	29,182
Total equity		265,478	271,180	270,241	274,533

UNAUDITED STATEMENTS OF CASH FLOWS OF DINGBIAN JINGYANG

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit/(Loss) before income tax	15,213	5,864	(939)	(6,746)	5,723
Adjustments for:					
Depreciation of solar power plant	8,316	8,316	8,624	3,466	3,865
Amortisation of right-of-use assets	596	596	525	248	218
Write off of other payables	–	–	(150)	–	–
Interest income	(25)	(7)	–	–	–
Operating profit/(loss) before working capital changes	24,100	14,769	8,060	(3,032)	9,806
Increase in inventories	–	(195)	–	–	–
Increase in trade and other receivables	(19,341)	(25,067)	(13,994)	(546)	(5,306)
(Decrease)/Increase in trade and other payables	(2,832)	1,817	(2,214)	331	656
Cash generated from/(used in) operating activities	1,927	(8,676)	(8,148)	(3,247)	5,156
Tax paid	(1,241)	(411)	(286)	–	(86)
Net cash generated from/(used in) operating activities	686	(9,087)	(8,434)	(3,247)	5,070
Cash flows from investing activities					
Payments for purchase of solar power plant	(8,233)	(14,885)	–	–	(16,108)
Interest received	25	7	–	–	–
Advances to intermediate holding company	–	16,483	1,187	449	8,916
Net cash (used in)/generated from investing activities	(8,208)	1,605	1,187	449	(7,192)

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Advances from fellow subsidiaries	6,680	588	7,247	2,798	2,122
Advances from immediate holding company	867	–	–	–	
Net cash generated from financing activities	7,547	588	7,247	2,798	2,122
Net increase/(decrease) in cash and cash equivalents	25	(6,894)	–	–	–
Cash and cash equivalents at beginning of year/period	6,901	6,926	32	32	32
Cash and cash equivalents at end of year/period	6,926	32	32	32	32

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF DINGBIAN JINGYANG

	Paid-in capital	**Statutory reserves**	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	245,351	6,640	20,194	272,185
Profit for the year	–	–	13,993	13,993
Dividend declared	–	–	(20,700)	(20,700)
Appropriate to PRC statutory reserve	–	1,399	(1,399)	–
Balance at 31 December 2020 and 1 January 2021	245,351	8,039	12,088	265,478
Profit for the year	–	–	5,702	5,702
Appropriate to PRC statutory reserve	–	570	(570)	–
Balance at 31 December 2021 and 1 January 2022	245,351	8,609	17,220	271,180
Loss for the year	–	–	(939)	(939)
Balance at 31 December 2022 and 1 January 2023	245,351	8,609	16,281	270,241
Profit for the period	–	–	4,292	4,292
Appropriate to PRC statutory reserve	–	429	(429)	–
Balance at 31 May 2023	245,351	9,038	20,144	274,533
Balance at 31 December 2021 and 1 January 2022	245,351	8,609	17,220	271,180
Loss for the period	–	–	(6,746)	(6,746)
Balance at 31 May 2022	245,351	8,609	10,474	264,434

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Dingbian Jingyang is a limited liability company incorporated in PRC. The principal activity of Dingbian Jingyang is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly owned subsidiary of the Company, the Purchaser and Dingbian Jingyang entered into the agreement (the "**Fifth Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Dingbian Jingyang for a total consideration of approximately RMB256,185,000 (the "**Fifth Disposal**"). Upon completion of the Fifth Disposal, Dingbian Jiangyang will cease to be a subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Dingbian Jingyang for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Fifth Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB19,832,000, RMB18,507,000, RMB8,926,000, Nil and RMB8,132,000 respectively.

4. INCOME TAX EXPENSE

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), Dingbian Jingyang has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

Pursuant to CaiShui 2020 No.23 Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies, Dingbian Jingyang was entitled to the preferential tax policy of the western development and was subject to the preferential enterprise income tax of 15%.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	220,321
Additions	–
At 31 December 2020 and 1 January 2021	220,321
Additions	3,496
At 31 December 2021 and 1 January 2022	223,817
Additions	12,258
At 31 December 2022 and 1 January 2023	236,075
Additions	–
At 31 May 2023	236,075
Accumulated depreciation	
At 1 January 2020	(30,171)
Charged for the year	(8,316)
At 31 December 2020 and 1 January 2021	(38,487)
Charged for the year	(8,316)
At 31 December 2021 and 1 January 2022	(46,803)
Charged for the year	(8,624)
At 31 December 2022 and 1 January 2023	(55,427)
Charged for the period	(3,865)
At 31 May 2023	(59,292)
Net carrying amount	
At 31 December 2020	181,834
At 31 December 2021	177,014
At 31 December 2022	180,648
At 31 May 2023	176,783

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	115,982	147,024	162,845	169,099
Other receivables, prepayments and deposits	10,868	4,893	3,066	2,118
	126,850	151,917	165,911	171,217

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	8,268	4,907	7,298	11,411
Over 3 months but less than 6 months	8,918	9,162	7,990	9,124
Over 6 months but less than 12 months	16,746	17,116	533	15,187
Over 12 months but less than 24 months	25,603	33,932	31,185	20,743
More than 24 months	56,447	81,907	115,839	112,634
	115,982	147,024	162,845	169,099

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	2,852	1,916	1,733	2,383
Less than 3 months past due	8,902	5,276	6,026	11,823
Over 3 months but less than 6 months past due	8,543	10,332	4,099	8,878
Over 6 months but less than 12 months past due	15,413	16,513	3,963	12,785
Over 12 months but less than 24 months past due	25,358	32,859	34,037	24,493
More than 24 months past due	54,914	80,128	112,987	108,737
	115,982	147,024	162,845	169,099

Dingbian Jingyang's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB105,844,000, RMB126,756,000, RMB136,842,000 and RMB146,032,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Dingbian Jingyang are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding company/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

8. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Dingbian Jingyang entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Intermediate holding company	Management service fee	794	794	794	331	331
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)	Fellow subsidiary	Other repair and maintenance fee	–	–	1,157	–	–
		Operation and maintenance fee	1,132	1,138	1,043	474	474
陝西億潤新能源科技有限公司 (Shaanxi Yirun New Energy Technology Co., Ltd.)	Fellow subsidiary	Maintenance fee	–	184	–	–	–

9. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	20,700	–	–	–	–

10. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Dingbian Jingyang had declared a dividend amounting to RMB20,700,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

REPORT ON REVIEW OF FINANCIAL INFORMATION OF DINGBIAN COUNTY ZHIXINDA NEW ENERGY LIMITED ("DINGBIAN COUNTY ZHIXINDA")

TO THE BOARD OF DIRECTORS OF KONG SUN HOLDINGS LIMITED

Introduction

We have reviewed the unaudited financial information of Dingbian County Zhixinda New Energy Limited ("**Dingbian County Zhixinda**") set out on pages II-F-3 to II-F-14 which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and explanatory notes (the "**Financial Information**"). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Kong Sun Holdings Limited (the "**Company**") in connection with the proposed disposal of entire share of Dingbian County Zhixinda in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the preparation and presentation of the Financial Information of Dingbian County Zhixinda in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

Set out below is the unaudited financial information of Dingbian County Zhixinda which comprises the unaudited statements of financial position of Dingbian County Zhixinda as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 and certain explanatory notes (altogether referred to as "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Dingbian County Zhixinda. The Company's auditor, BDO Limited, has reviewed the Unaudited Financial Information of Dingbian Country Zhixinda in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company's auditor to obtain assurance that the Company's auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company's auditor does not express an audit opinion. The Company's auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF DINGBIAN COUNTY ZHIXINDA

		For the year ended 31 December			For the five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	48,426	44,009	43,002	19,598	17,835
Cost of sales		(19,501)	(17,147)	(22,519)	(10,196)	(7,066)
Gross profit		28,925	26,862	20,483	9,402	10,769
Other gains, net		270	195	–	–	–
Administrative expenses		(5,755)	(7,213)	(4,838)	(1,962)	(1,977)
Finance cost		–	–	–	–	(3,261)
Profit before income tax		23,440	19,844	15,645	7,440	5,531
Income tax expense	*4*	(1,772)	(1,194)	(1,646)	(648)	(850)
Profit for the year/period		21,668	18,650	13,999	6,792	4,681

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF DINGBIAN COUNTY ZHIXINDA

	Notes	31 December 2020 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Unaudited)	31 May 2023 RMB'000 (Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Solar power plant	5	288,241	275,611	258,565	253,352
Right-of-use assets		14,768	14,033	13,297	12,991
		303,009	289,644	271,862	266,343
Current assets					
Trade and other receivables	6	116,765	128,126	57,076	60,441
Amounts due from intermediate holding companies	8	257,421	256,530	180,063	413,036
Amounts due from fellow subsidiaries	8	–	103	153	153
Cash and cash equivalents		2,898	1,958	31	1,531
Total current assets		377,084	386,717	237,323	475,161
Current liabilities					
Trade and other payables		79,633	77,025	1,535	4,844
Tax payables		425	464	45	–
Loans and borrowings	7	–	–	–	6,000
Amount due to intermediate holding company	8	157,387	135,502	31,902	–
Amount due to immediate holding company	8	60,926	60,926	60,926	60,926
Amounts due to fellow subsidiaries	8	3,285	5,357	3,691	3,867
Total current liabilities		301,656	279,274	98,099	75,637
Net current assets		75,428	107,443	139,224	399,524
Total assets less current liabilities		378,437	397,087	411,086	665,867

		31 December			31 May
		2020	**2021**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities					
Loans and borrowings	7	–	–	–	250,100
Total non-current liabilities		–	–	–	250,100
Net assets		378,437	397,087	411,086	415,767
Equity					
Paid-in capital		350,000	350,000	350,000	350,000
Reserves		28,437	47,087	61,086	65,767
Total equity		378,437	397,087	411,086	415,767

UNAUDITED STATEMENTS OF CASH FLOWS OF DINGBIAN COUNTY ZHIXINDA

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Profit before income tax	23,440	19,844	15,645	7,440	5,531
Adjustments for:					
Depreciation of solar power plant	12,853	12,630	12,511	5,262	5,213
Amortisation of right-of-use assets	735	735	736	307	306
Write off property, plant and equipment	71	–	–	–	–
Interest expense	–	–	–	–	3,261
Operating profit before working capital changes	37,099	33,209	28,892	13,009	14,311
(Increase)/Decrease in trade and other receivables	(14,538)	(11,361)	71,050	(3,701)	(3,365)
Increase/(Decrease) in trade and other payables	6,831	3	(70,955)	285	48
Cash generated from operating activities	29,392	21,851	28,987	9,593	10,994
Tax paid	(1,346)	(1,155)	(2,065)	(1,112)	(895)
Net cash generated from operating activities	28,046	20,696	26,922	8,481	10,099
Cash flows from investing activities					
Payments for purchase of solar power plant	(142,207)	(2,611)	–	–	–
Advances to intermediate holding companies	(15,498)	–	–	–	(232,973)
Repayments from intermediate holding companies	–	891	76,467	434	–
Advances to fellow subsidiaries	–	(103)	(50)	(50)	–
Net cash (used in)/generated from investing activities	(157,705)	(1,823)	76,417	384	(232,973)

	For the year ended 31 December			For the five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Proceed from loans and borrowings	–	–	–	–	256,100
Advances from fellow subsidiaries	2,139	2,072	2,932	–	176
Repayments to fellow subsidiaries	–	–	(4,598)	(4,598)	–
Advances from intermediate holding companies	130,321	–	–	–	–
Repayments to intermediate holding companies	–	(21,885)	(103,600)	(6,100)	(31,902)
Net cash generated from/(used in) financing activities	132,460	(19,813)	(105,266)	(10,698)	224,374
Net increase/(decrease) in cash and cash equivalents	2,801	(940)	(1,927)	(1,833)	1,500
Cash and cash equivalents at beginning of year/period	97	2,898	1,958	1,958	31
Cash and cash equivalents at end of year/period	2,898	1,958	31	125	1,531

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF DINGBIAN COUNTY ZHIXINDA

	Paid-in capital	Statutory reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	350,000	9,307	28,088	387,395
Profit for the year	–	–	21,668	21,668
Dividend declared	–	–	(30,626)	(30,626)
Appropriation to PRC statutory reserve	–	2,167	(2,167)	–
Balance at 31 December 2020 and 1 January 2021	350,000	11,474	16,963	378,437
Profit for the year	–	–	18,650	18,650
Appropriation to PRC statutory reserve	–	1,865	(1,865)	–
Balance at 31 December 2021 and 1 January 2022	350,000	13,339	33,748	397,087
Profit for the year	–	–	13,999	13,999
Appropriation to PRC statutory reserve	–	1,400	(1,400)	–
Balance at 31 December 2022 and 1 January 2023	350,000	14,739	46,347	411,086
Profit for the period	–	–	4,681	4,681
Appropriation to PRC statutory reserve	–	468	(468)	–
Balance at 31 May 2023	350,000	15,207	50,560	415,767
Balance at 31 December 2021 and 1 January 2022	350,000	13,339	33,748	397,087
Profit for the period	–	–	6,792	6,792
Appropriation to PRC statutory reserve	–	679	(679)	–
Balance at 31 May 2022	350,000	14,018	39,861	403,879

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Dingbian County Zhixinda is a limited liability company incorporated in PRC. The principal activity of Dingbian County Zhixinda is operation of a solar power plant.

On 11 August 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Dingbian County Zhixinda entered into the agreement (the "**Sixth Agreement**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in Dingbian County Zhixinda at a total consideration of approximately RMB369,348,000 (the "**Sixth Disposal**"). Upon completion of the Sixth Disposal, Dingbian County Zhixinda will cease to be the subsidiary of the Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of Dingbian County Zhixinda for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Sixth Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective year, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor a set of condensed financial statements as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Company.

3. REVENUE

Revenue represents income from sales of electricity (including renewable energy subsidies). During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, unaudited sales of electricity includes renewable energy subsidies amounting to RMB29,540,000, RMB26,730,000, RMB26,813,000, RMB11,896,000 and RMB11,211,000 respectively.

4. INCOME TAX EXPENSE

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment（財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知）, Dingbian County Zhixinda has been approved to entitle a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

Pursuant to CaiShui 2020 No.23 Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies, Dingbian County Zhixinda was entitled to the preferential tax policy of the western development and was subject to the preferential enterprise income tax of 15%.

5. SOLAR POWER PLANT

	RMB'000 (Unaudited)
Cost	
At 1 January 2020	332,130
Addition	–
At 31 December 2020 and 1 January 2021	332,130
Addition	–
At 31 December 2021 and 1 January 2022	332,130
Written off	(4,535)
At 31 December 2022 and 1 January 2023	327,595
Additions	–
At 31 May 2023	327,595
Accumulated depreciation	
At 1 January 2020	(31,036)
Charged for the year	(12,853)
At 31 December 2020 and 1 January 2021	(43,889)
Charged for the year	(12,630)
At 31 December 2021 and 1 January 2022	(56,519)
Charged for the year	(12,511)
At 31 December 2022 and 1 January 2023	(69,030)
Charged for the period	(5,213)
At 31 May 2023	(74,243)
Net carrying amount	
At 31 December 2020	288,241
At 31 December 2021	275,611
At 31 December 2022	258,565
At 31 May 2023	253,352

6. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	99,283	118,288	53,291	58,340
Other receivables, prepayments and deposits	17,482	9,838	3,785	2,101
	116,765	128,126	57,076	60,441

Ageing analysis of trade receivables, based on invoice dates, are as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Less than 3 months	9,589	7,852	7,903	13,348
Over 3 months but less than 6 months	7,889	8,141	7,466	10,394
Over 6 months but less than 12 months	17,629	16,175	16,282	14,562
Over 12 months but less than 24 months	33,655	33,612	21,640	20,036
More than 24 months	30,521	52,508	–	
	99,283	118,288	53,291	58,340

Ageing analysis of trade receivables, based on due dates, are as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Not yet past due	4,071	4,637	3,647	4,144
Less than 3 months past due	8,062	5,202	6,891	12,453
Over 3 months but less than 6 months past due	8,607	9,313	7,670	9,213
Over 6 months but less than 12 months past due	16,366	15,719	16,117	15,642
Over 12 months but less than 24 months past due	33,337	32,907	18,966	16,888
More than 24 months past due	28,840	50,510	–	–
	99,283	118,288	53,291	58,340

Dingbian County Zhixinda's trade receivables are mainly receivables from sales of electricity. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the outstanding renewable energy subsidy amounted to RMB97,788,000, RMB116,326,000, RMB51,939,000 and RMB56,861,000 respectively.

Expected loss rate of these renewable energy subsidy receivables are assessed to be low, because the debtor is state-owned and have good repayment history. In addition, the directors of the Dingbian County Zhixinda are confident that the renewable energy subsidy receivables are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding trade receivables of tariff income is limited.

7. LOANS AND BORROWINGS

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current				
Secured				
– other borrowings	–	–	–	6,000
Non-current				
Secured				
– other borrowings	–	–	–	250,100
Total loans and borrowings	–	–	–	256,100

Dingbian County Zhixinda's loans and borrowings are repayable as follows:

	As at 31 December			As at 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	–	–	–	6,000
After 1 year but within 2 years	–	–	–	6,000
After 2 years but within 5 years	–	–	–	100,000
Over 5 years	–	–	–	144,100
	–	–	–	256,100
Effective interest rates	–	–	–	5.40%

As at 31 May 2023, loans and other borrowings were secured by solar power plant, trade receivables, 100% equity shares from its immediate holding company and guarantee provided by the Group.

8. AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANIES/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due from/to intermediate holding companies/immediate holding company/fellow subsidiaries are interest-free, unsecured and repayable on demand.

9. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Unaudited Financial Information, Dingbian County Zhixinda entered into the following transactions with related parties:

Name of related party	Related party relationship	Type of transaction	For the year ended 31 December			For the five months ended 31 May	
			2020	2021	2022	2022	2023
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited)	Intermediate holding company	Management service fee	1,043	1,043	1,043	435	435
北京鑫泰綠能科技有限公司 (Beijing Xintai Green Energy Technology Co., Ltd.)	Fellow subsidiary	Other repairment and maintenance fee	–	–	1,931	61	–
		Operation and maintenance fee	1,887	1,821	1,821	759	759
陝西億潤新能源科技有限公司 (Shaanxi Yirun New Energy Technology Co., Ltd.)	Fellow subsidiary	Maintenance fee	377	19	–	–	–

10. DIVIDEND

	For the year ended 31 December			For the five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash dividends declared but not yet paid:					
Final dividend	30,626	–	–	–	–

11. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, Dingbian County Zhixinda had declared a dividend amounting to RMB30,626,000 to its immediate holding company. The amount was yet to settle up to 31 May 2023.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The unaudited pro forma financial information of the Remaining Group (the "**Unaudited Pro Forma Financial Information**") presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposals had been completed on 31 December 2022; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022. This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not purport to present the true picture of (i) the financial position of the Remaining Group as at 31 December 2022 or at any future date had the Disposals been completed on 31 December 2022; or (ii) the results and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period had the Disposals been completed on 1 January 2022.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2022 as set out in the published annual report of the Company for the year ended 31 December 2022, after giving effect to the pro forma adjustments described in the notes to the Unaudited Pro Forma Financial Information that are directly attributable to the Disposals and factually supportable. The Unaudited Pro Forma Financial Information is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published Annual Report 2022 and other financial information included elsewhere in this circular.

(A) Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Consolidated statement of financial position of the Group as at 31 December 2022	Pro forma adjustments										Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2(i))*	*(Note 2(ii))*	*(Note 2(iii))*	*(Note 2(iv))*	*(Note 2(v))*	*(Note 2(vi))*	*(Note 3)*	*(Note 8)*	*(Note 11)*	*(Note 12)*	
Non-current assets												
Property, plant and equipment	20,843	–	(444)	–	(6)	–	–	–	–	–	–	20,393
Solar power plants	2,052,524	(176,293)	(153,607)	(161,791)	(116,785)	(176,783)	(253,352)	–	–	–	–	1,013,913
Interests in associates	180,448	–	–	–	–	–	–	–	–	–	–	180,448
Interest in a joint venture	193,710	–	–	–	–	–	–	–	–	–	–	193,710
Goodwill	547	–	–	–	–	–	–	(547)	–	–	–	–
Right-of-use assets	157,292	(7,435)	(6,411)	(5,654)	(7,904)	(9,579)	(12,991)	–	–	–	–	107,318
Financial assets measured at fair value through other comprehensive income	760,194	–	–	–	–	–	–	–	–	–	–	760,194
Loan receivables	176,234	–	–	–	–	–	–	–	–	–	–	176,234
Deferred tax assets	11,955	–	–	–	–	–	–	–	–	–	–	11,955
Loan to an associate	119,576	–	–	–	–	–	–	–	–	–	–	119,576
	3,673,323											2,583,741
Current assets												
Inventories	1,923	–	–	–	–	(195)	–	–	–	–	–	1,728
Trade, bills and other receivables	2,024,665	150,495	25,551	34,131	(45,573)	(100,902)	(408,837)	758,028	–	–	–	2,437,558
Tax recoverable	–	–	–	–	–	–	–	–	–	–	126	126
Cash and cash equivalents	301,979	(102)	(4,556)	(3,189)	(1,280)	(32)	(1,531)	–	(3,800)	–	–	287,489
Loan to an associate	1,824	–	–	–	–	–	–	–	–	–	–	1,824
Total current assets	2,330,391											2,728,725

	Consolidated statement of financial position of the Group as at 31 December 2022	Pro forma adjustments										Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2(i))*	*(Note 2(ii))*	*(Note 2(iii))*	*(Note 2(iv))*	*(Note 2(v))*	*(Note 2(vi))*	*(Note 3)*	*(Note 8)*	*(Note 11)*	*(Note 12)*	
Current liabilities												
Trade and other payables	386,433	(12,364)	(3,383)	(12,673)	(1,775)	(11,613)	(4,844)	–	–	–	–	339,781
Provisions	–	–	–	–	–	–	–	–	–	27,881	–	27,881
Lease liabilities	13,410	–	(654)	–	–	–	–	–	–	–	–	12,756
Loans and borrowings	392,671	–	(17,643)	(17,217)	(400)	–	(6,000)	–	–	–	–	351,411
Corporate bonds	8,933	–	–	–	–	–	–	–	–	–	–	8,933
Tax payable	2,967	(1,333)	(227)	–	(188)	(1,345)	–	–	–	–	126	–
Total current liabilities	804,414											740,762
Net current assets	1,525,977											1,987,963
Total assets less current liabilities	5,199,300											4,571,704
Non-current liabilities												
Lease liabilities	116,573	–	(5,685)	–	(7,306)	–	–	–	–	–	–	103,582
Loans and borrowings	1,641,748	–	(46,494)	(46,393)	(109,600)	–	(250,100)	–	–	–	–	1,189,161
Corporate bonds	6,863	–	–	–	–	–	–	–	–	–	–	6,863
	1,765,184											1,299,606
Net assets	3,434,116											3,272,098
EQUITY												
Share capital	6,486,588	(995)	(50,000)	(60,000)	(40,000)	(245,351)	(350,000)	746,346	–	–	–	6,486,588
Reserves	(3,140,522)	(18,643)	(15,381)	(220)	(12,279)	(29,182)	(65,767)	11,135	(3,800)	(27,881)	–	(3,302,540)
Equity attributable to the owners of the Company	3,346,066											3,184,048
Non-controlling interests	88,050	–	–	–	–	–	–	–	–	–	–	88,050
Net assets	3,434,116											3,272,098

(B) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining Group

	Consolidated statement of profit or loss of the Group for the year ended 31 December 2022	Pro forma adjustments										Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 4(i))*	*(Note 4(ii))*	*(Note 4(iii))*	*(Note 4(iv))*	*(Note 4(v))*	*(Note 4(vi))*	*(Note 5)*	*(Note 7)*	*(Note 8)*	*(Note 11)*	
Revenue	555,727	(19,885)	(26,504)	(26,255)	(21,101)	(14,001)	(43,002)	–	18,594	–	–	423,573
Cost of sales	(288,038)	13,567	9,911	11,666	8,462	11,997	22,519	–	(7,635)	–	–	(217,551)
Gross profit	267,689											206,022
Other (losses)/gain, net	(19,758)	(100)	123	–	(9)	(109)	–	–	–	–	(27,881)	(47,734)
Administrative expenses	(167,011)	2,359	1,010	3,389	679	3,052	4,838	–	(10,959)	(3,800)	–	(166,443)
Losses on disposal of subsidiaries, net	(8,587)	–	–	–	–	–	–	(91,241)	–	–	–	(99,828)
Impairment loss on solar power plants	(28,029)	–	–	–	–	–	–	–	–	–	–	(28,029)
Impairment losses on trade and other receivables, net	(135,411)	–	–	–	–	–	–	–	–	–	–	(135,411)
Impairment loss on loan to an associate	(430)	–	–	–	–	–	–	–	–	–	–	(430)
Finance costs	(186,081)	4,669	9,615	11,370	6,721	–	–	–	–	–	–	(153,706)
Impairment losses on interests in associates	(7,196)	–	–	–	–	–	–	–	–	–	–	(7,196)
Share of profits of associates	14,988	–	–	–	–	–	–	–	–	–	–	14,988
Share of loss of a joint venture	(6,290)	–	–	–	–	–	–	–	–	–	–	(6,290)
Loss before income tax	(276,116)											(424,057)
Income tax expense	(14,203)	–	586	–	1,314	–	1,646	–	–	–	–	(10,657)
Loss for the year	(290,319)											(434,714)
Loss for the year attributable to:												
Owners of the Company	(294,878)	610	(5,259)	170	(3,934)	939	(13,999)	(91,241)	–	(3,800)	(27,881)	(439,273)
Non-controlling interests	4,559	–	–	–	–	–	–	–	–	–	–	4,559
	(290,319)											(434,714)

(C) Unaudited Pro Forma Consolidated Statement of Other Comprehensive Income of the Remaining Group

	Consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022	Pro forma adjustments										Unaudited pro forma consolidated statement of other comprehensive income of the Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 4(i))*	*(Note 4(ii))*	*(Note 4(iii))*	*(Note 4(iv))*	*(Note 4(v))*	*(Note 4(vi))*	*(Note 5)*	*(Note 7)*	*(Note 8)*	*(Note 11)*	
Loss for the year	(290,319)	610	(5,259)	170	(3,934)	939	(13,999)	(91,241)	–	(3,800)	(27,881)	(434,714)
Other comprehensive income, net of tax												
Items that will not be reclassified to profit or loss:												
Fair value changes in financial assets measured at fair value through other comprehensive income	(23,685)	–	–	–	–	–	–	–	–	–	–	(23,685)
Items that may be reclassified subsequently to profit or loss:												
Exchange differences on translation of financial statements of foreign operations	(13,714)	–	–	–	–	–	–	–	–	–	–	(13,714)
Other comprehensive income for the year, net of tax	(37,399)											(37,399)
Total comprehensive income for the year	(327,718)											(472,113)
Total comprehensive income for the year attributable to:												
Owners of the Company	(332,277)	610	(5,259)	170	(3,934)	939	(13,999)	(91,241)	–	(3,800)	(27,881)	(476,672)
Non-controlling interests	4,559	–	–	–	–	–	–	–	–	–	–	4,559
	(327,718)											(472,113)

(D) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Consolidated statement of cash flows of the Group for the year ended 31 December 2022	Pro forma adjustments											Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	RMB'000 (Note 1)	RMB'000 (Note 6(i))	RMB'000 (Note 6(ii))	RMB'000 (Note 6(iii))	RMB'000 (Note 6(iv))	RMB'000 (Note 6(v))	RMB'000 (Note 6(vi))	RMB'000 (Note 5)	RMB'000 (Note 8)	RMB'000 (Note 9)	RMB'000 (Note 10)	RMB'000 (Note 11)	RMB'000
Cash flows from operating activities													
Loss before income tax	(276,116)	610	(5,845)	170	(5,248)	939	(15,645)	(91,241)	(3,800)	–	–	(27,881)	(424,057)
Adjustments for:													
Depreciation of property, plant and equipment	5,611	–	(19)	–	–	–	–	–	–	–	–	–	5,592
Depreciation of solar power plants	130,970	(8,731)	(7,621)	(8,040)	(5,957)	(8,624)	(12,511)	–	–	–	–	–	79,486
Impairment loss on a solar power plant	28,029	–	–	–	–	–	–	–	–	–	–	–	28,029
Amortisation of right-of-use assets	24,441	(407)	(519)	(311)	(459)	(525)	(736)	–	–	–	–	–	21,484
Impairment losses on right-of-use assets	8,384	–	–	–	–	–	–	–	–	–	–	–	8,384
Equity-settled share-based payment expenses	316	–	–	–	–	–	–	–	–	–	–	–	316
Foreign exchange gains, net	(397)	–	–	–	–	–	–	–	–	–	–	–	(397)
Loss on disposal of subsidiaries, net	8,587	–	–	–	–	–	–	91,241	–	–	–	–	99,828
Loss on disposal of property, plant and equipment	22	–	–	–	–	–	–	–	–	–	–	–	22
Loss on disposal of solar power plants	672	–	(279)	–	–	–	–	–	–	–	–	–	393
Write-down of inventories	637	–	–	–	–	–	–	–	–	–	–	–	637
Share of loss of a joint venture	6,290	–	–	–	–	–	–	–	–	–	–	–	6,290
Share of profits of associates	(14,988)	–	–	–	–	–	–	–	–	–	–	–	(14,988)
Gain on deemed acquisition of an associate	(328)	–	–	–	–	–	–	–	–	–	–	–	(328)
Gain on deemed disposal of an associate	(91)	–	–	–	–	–	–	–	–	–	–	–	(91)
Impairment loss on interests in associates	7,196	–	–	–	–	–	–	–	–	–	–	–	7,196
Interest expense	186,081	(4,669)	(9,615)	(11,370)	(6,721)	–	–	–	–	–	–	–	153,706
Interest income	(5,751)	–	6	–	9	–	–	–	–	–	–	–	(5,736)
Impairment loss on trade and other receivables, net	135,411	–	–	–	–	–	–	–	–	–	–	–	135,411
Impairment loss on loan to an associate	430	–	–	–	–	–	–	–	–	–	–	–	430
Write-off of other receivables	8,416	–	–	–	–	–	–	–	–	–	–	–	8,416
Write-back of other payables	(6,542)	–	150	–	–	150	–	–	–	–	–	–	(6,242)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2022	Pro forma adjustments											Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 6(i))*	*(Note 6(ii))*	*(Note 6(iii))*	*(Note 6(iv))*	*(Note 6(v))*	*(Note 6(vi))*	*(Note 5)*	*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
Operating profit before working capital changes	247,280												103,781
Increase in inventories, net	(1,621)	–	–	–	–	–	–	–	–	–	–		(1,621)
Decrease in trade, bills and other receivables	262,777	10,927	5,521	12,874	(50,668)	12,807	(147,467)	–	–	–	–	–	106,771
Increase in trade and other payables	148,021	(15)	(1,915)	(3,230)	56	2,214	70,955	–	–	–	–	–	216,086
Increase in provisions	–	–	–	–	–	–	–	–	–	–	–	27,881	27,881
Cash generated from operations	656,457												452,898
Tax paid	(22,201)	290	291	(72)	1,566	286	2,065	–	–	–	–	–	(17,775)
Net cash generated from operating activities	634,256												435,123
Cash flows from investing activities													
Payments for purchase of property, plant and equipment	(2,942)	–	338	–	–	–	–	–	–	–	–	–	(2,604)
Payments for construction of solar power plants	(4,193)	2,773	171	5	167	–	–	–	–	–	–	–	(1,077)
Proceeds from sale of solar power plants	745	–	(294)	–	–	–	–	–	–	–	–	–	451
Capital injection on a joint venture	(200,000)	–	–	–	–	–	–	–	–	–	–	–	(200,000)
Capital injection on financial assets	(18)	–	–	–	–	–	–	–	–	–	–	–	(18)
Proceeds from reduction in investment in financial assets measured at fair value through other comprehensive income	402,500	–	–	–	–	–	–	–	–	–	–	–	402,500
Interests received	5,751	–	(6)	–	(9)	–	–	–	–	–	–	–	5,736
Proceeds from disposal of subsidiaries, net of cash disposed	403,803	–	–	–	–	–	–	–	–	–	425,514	–	829,317
Repayments from Disposal Companies	–	–	–	–	–	–	–	–	–	173,664	–	–	173,664
Increase in loan to an associate	(121,830)	–	–	–	–	–	–	–	–	–	–	–	(121,830)
Net cash generated from investing activities	483,816												1,086,139

	Consolidated statement of cash flows of the Group for the year ended 31 December 2022	Pro forma adjustments											Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 6(i))*	*(Note 6(ii))*	*(Note 6(iii))*	*(Note 6(iv))*	*(Note 6(v))*	*(Note 6(vi))*	*(Note 5)*	*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
Cash flows from financing activities													
Proceed from new loans and borrowings	40,000	–	–	–	–	–	–	–	–	–	–	–	40,000
Repayment of loans and borrowings	(1,276,760)	90,531	11,249	15,558	56,651	–	–	–	–	–	–	–	(1,102,771)
Repayments of lease liabilities	(17,744)	–	1,427	–	–	–	–	–	–	–	–	–	(16,317)
Repayments to Disposal Companies	–	(96,079)	(4,166)	(20,229)	(21,093)	(7,247)	(2,932)	–	–	–	–	–	(151,746)
Advances from Disposal Companies	–	–	626	3,246	943	–	108,198	–	–	–	–	–	113,013
Interest paid	(193,066)	4,669	9,306	11,370	6,347	–	–	–	–	–	–	–	(161,374)
Repayment of corporate bonds	(71,289)	–	–	–	–	–	–	–	–	–	–	–	(71,289)
Net cash used in financing activities	(1,518,859)												(1,350,484)
Net (decrease)/increase in cash and cash equivalents	(400,787)	(101)	(1,194)	(29)	(24,416)	–	1,927	–	(3,800)	173,664	425,514	–	170,778
Cash and cash equivalents at beginning of year	702,142	(1)	(1,775)	(19)	(4,007)	(32)	(1,958)	–	–	–	–	–	694,350
Effect of foreign exchange rate changes	624	–	–	–	–	–	–	–	–	–	–	–	624
Cash and cash equivalents at end of year	301,979	(102)	(2,969)	(48)	(28,423)	(32)	(31)	–	(3,800)	173,664	425,514	–	865,752

(E) Notes to the Unaudited Pro Forma Financial Information of the Remaining Group

1) The amounts are extracted from the audited consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows of the Group as at 31 December 2022 as set out in the published annual report of the Group for the year ended 31 December 2022.

2) (i) The adjustment reflects the exclusion of assets and liabilities of Dingbian Wanheshun as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Dingbian Wanheshun set out in Appendix II to this circular.

(ii) The adjustment reflects the exclusion of assets and liabilities of Huangshi Huangyuan as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Huangshi Huangyuan set out in Appendix II to this circular.

(iii) The adjustment reflects the exclusion of assets and liabilities of Yulin Zhengxin as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Yulin Zhengxin set out in Appendix II to this circular.

(iv) The adjustment reflects the exclusion of assets and liabilities of Shengzhou Yihui as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Shengzhou Yihui set out in Appendix II to this circular.

(v) The adjustment reflects the exclusion of assets and liabilities of Dingbian Jingyang as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Dingbian Jingyang set out in Appendix II to this circular.

(vi) The adjustment reflects the exclusion of assets and liabilities of Dingbian County Zhixinda as at 31 May 2023 as if the Disposals had been completed on 31 December 2022. The amounts are extracted from the unaudited financial information of Dingbian County Zhixinda set out in Appendix II to this circular.

3) The adjustment represents the pro forma loss on Disposals as if the Disposals had been completed on 31 December 2022, which is calculated as follows:

	Notes	*RMB'000*
Total consideration	*(a)*	1,470,848
Less: Share of net assets of the Disposal Companies as at 31 May 2023	*(b)*	(887,818)
Less: Net amounts due to group companies as at 31 December 2022	*(c)*	(712,820)
Less: Goodwill of the Disposal Companies as at 31 December 2022	*(d)*	(547)
Estimated loss on Disposal		(130,337)

(a) In accordance with the Disposal Agreements, the Group agreed to dispose of its 100% equity interest in the Project Companies, together with the amounts due to group companies and owed by the Project Companies, to the Purchaser, which is an independent third party. The total consideration for the Disposals amounts to RMB1,470,848,000, which is comprised a cash consideration of RMB758,028,000 for the transfer of the entire equity interest in the Project Companies and assignment of net amounts due to group companies as at 31 December 2022 of RMB712,820,000 (note 3(c)).

(b) This amount represents the net assets of the Project Companies amounting to approximately RMB887,818,000 as at 31 May 2023.

Net assets of the Project Companies as at 31 May 2023 is determined as follows:

	RMB'000
– Dingbian Wanheshun	19,638
– Huangshi Huangyuan	65,381
– Yulin Zhengxin	60,220
– Shengzhou Yihui	52,279
– Dingbian Jingyang	274,533
– Dingbian County Zhixinda	415,767
	887,818

(c) The amount represents net amounts due by the Project Companies to the Group of approximately RMB712,820,000 (note 3(a)) as at 31 December 2022. Pursuant to the terms of the Disposal Agreements, the Company would assign these amounts due from the Project Companies to the Purchaser upon the completion of the Disposals.

Amounts due to/(from) group companies of the Project Companies as at 31 December 2022 is as extracted from the unaudited financial information in Appendix II to this circular:

	RMB'000
– Dingbian Wanheshun	315,008
– Huangshi Huangyuan	128,198
– Yulin Zhengxin	159,793
– Shengzhou Yihui	134,241
– Dingbian Jingyang	59,277
– Dingbian County Zhixinda	(83,697)
	712,820

(d) This amount represents goodwill allocated to the Project Companies as at 31 December 2022 as follows:

	RMB'000
– Dingbian Wanheshun	150
– Huangshi Huangyuan	221
– Dingbian Jingyang	176
	547

4) The following adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of other comprehensive income of the Remaining Group.

(i) The adjustment is to exclude each line item of Dingbian Wanheshun that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(ii) The adjustment is to exclude each line item of Huangshi Huangyuan that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(iii) The adjustment is to exclude each line item of Yulin Zhengxin that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(iv) The adjustment is to exclude each line item of Shengzhou Yihui that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(v) The adjustment is to exclude each line item of Dingbian Jingyang that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(vi) The adjustment is to exclude each line item of Dingbian County Zhixinda that has been incorporated in the consolidated statement of profit or loss and consolidated statement of other comprehensive income of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

5) The adjustments represents the pro forma loss on the Disposals as if the Disposals had been completed on 1 January 2022, which is calculated as follows:

	Notes	*RMB'000*
Total consideration	*(a)*	1,353,237
Less: Share of net assets of the Disposal Companies as at 1 January 2022	*(b)*	(848,722)
Less: Net amounts due to group companies as at 1 January 2022	*(c)*	(595,209)
Less: Goodwill of the Disposal Companies as at 1 January 2022	*(d)*	(547)
Estimated loss on Disposal		(91,241)

(a) In accordance with the Disposal Agreements, the Group agreed to dispose of its 100% equity interest in the Project Companies, together with the amounts due to group companies and owed by the Project Companies, to the Purchaser, which is an independent third party. The total consideration for the Disposals amounts to RMB1,353,237,000, which comprised a cash consideration of RMB758,028,000 for the transfer of the entire equity interest in the Project Companies and assignment of amounts due to group companies as at 1 January 2022 of RMB595,209,000 (note 5(c)).

(b) This amount represents the net assets of the Project Companies amounting to approximately RMB848,722,000 as at 1 January 2022 as extracted from the unaudited financial information in Appendix II.

Net assets of the Project Companies as at 1 January 2022 is determined as follows:

	RMB'000
– Dingbian Wanheshun	16,207
– Huangshi Huangyuan	58,133
– Yulin Zhengxin	59,390
– Shengzhou Yihui	46,725
– Dingbian Jingyang	271,180
– Dingbian County Zhixinda	397,087
	848,722

(c) The amount represents net amounts due by the Project Companies to the Group of approximately RMB595,209,000 (note 5(a)) as at 1 January 2022. Pursuant to the terms of the Disposal Agreements, the Company would assign these amounts due from the Project Companies to the Purchaser upon the completion of the Disposals.

Amounts due to/(from) group companies of the Project Companies as at 1 January 2022 as extracted from the unaudited financial information in Appendix II to this circular is as follows:

	RMB'000
– Dingbian Wanheshun	218,929
– Huangshi Huangyuan	123,908
– Yulin Zhengxin	152,059
– Shengzhou Yihui	114,091
– Dingbian Jingyang	41,070
– Dingbian County Zhixinda	(54,848)
	595,209

(d) This amount represents goodwill allocated to the Project Companies as at 1 January 2022 as follows:

	RMB'000
– Dingbian Wanheshun	150
– Huangshi Huangyuan	221
– Dingbian Jingyang	176
	547

6) The following adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

(i) The adjustment is to exclude the cash flows from Dingbian Wanheshun that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(ii) The adjustment is to exclude the cash flows from Huangshi Huangyuan that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(iii) The adjustment is to exclude the cash flows from Yulin Zhengxin that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(iv) The adjustment is to exclude the cash flows from Shengzhou Yihui that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(v) The adjustment is to exclude the cash flows from Dingbian Jingyang that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

(vi) The adjustment is to exclude the cash flows from Dingbian County Zhixinda that has been incorporated in the consolidated statement of cash flows of the Group for the year ended 31 December 2022 as if the Disposals had been completed on 1 January 2022.

7) The adjustment represents the reversal of elimination of the intercompany transactions between the Project Companies and the Remaining Group, which were reflected in the consolidated financial statements of the Group for the year ended 31 December 2022, as if the Disposals had been completed on 1 January 2022 for the purpose of the financial performance of the Remaining Group.

Reversal of elimination of the intercompany transactions are extracted from the unaudited financial information in Appendix II to this circular as follows:

	RMB'000
Management fee charged by Kong Sun Yongtai Investment Holdings Limited, a subsidiary of the Remaining Group during the year ended 31 December 2022 attributable to:	
– Dingbian Wanheshun	794
– Huangshi Huangyuan	794
– Yulin Zhengxin	794
– Shenzhou Yihui	667
– Dingbian Jingyang	794
– Dingbian County Zhixinda	1,043
	4,886

	RMB'000
Operation and maintenance fee charged by Beijing Xintai Green Energy Technology Co., Ltd, a subsidiary of the Remaining Group during the year ended 31 December 2022 attributable to:	
– Dingbian Wanheshun	1,138
– Huangshi Huangyuan	1,132
– Yulin Zhengxin	1,138
– Shenzhou Yihui	1,363
– Dingbian Jingyang	1,043
– Dingbian County Zhixinda	1,821
	7,635

	RMB'000
Other repair and maintenance fee charged by Beijing Xintai Green Energy Technology Co., Ltd, a subsidiary of the Remaining Group during the year ended 31 December 2022 attributable to:	
– Dingbian Wanheshun	1,062
– Yulin Zhengxin	1,062
– Shenzhou Yihui	616
– Dingbian Jingyang	1,157
– Dingbian County Zhixinda	1,931
	5,828

	RMB'000
Maintenance fee charged by Shaanxi Yirun New Energy Technology Co., Ltd., a subsidiary of the Remaining Group during the year ended 31 December 2022 attributable to:	
– Huangshi Huangyuan	132
– Shengzhou Yihui	113
	245

8) The amount represents the professional fees in connection with the Disposals, such as fee incurred for legal and professional service and valuation service, amounting to approximately RMB3,800,000 and assumed to be fully settled by cash.

9) The amount represents the receipt of amounts due to group companies within one year, amounting to approximately RMB173,664,000.

10) This adjustment represents the estimated net cash inflow from the Disposals as if the Disposals had been completed on 1 January 2022 calculated as follows:

		RMB'000
Consideration for transfer to equity interest in the Project Companies expected to be received within a year	*Sum of note (a)(i), (c)(i), (e)(i), (g)(i)(ii), (i)(i)(ii),(k)(i)(ii)(iv)*	433,306
Cash and cash equivalents disposed of	*Note*	(7,792)
Net cash inflows arising from disposal of subsidiaries		425,514

Note:

	RMB'000
Cash and cash equivalents disposed of as at 1 January 2022	
– Dingbian Wanheshun	1
– Huangshi Huangyuan	1,775
– Yulin Zhengxin	19
– Shengzhou Yihui	4,007
– Dingbian Jingyang	32
– Dingbian County Zhixinda	1,958
	7,792

Pursuant to the Disposal Agreements, the total consideration for the Disposals comprises of the followings:

Disposal of Dingbian Wanheshun (the "First Disposal")

(a) RMB607,000, being the cash consideration for the transfer of the entire equity interest in Dingbian Wanheshun, shall be settled in the following manner:

(i) RMB200,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Dingbian Wanheshun in respect of the transfer of the equity interest (the "**First Completion Date**"); and

(ii) RMB407,000 shall be payable to the Group within fifteen (15) business days after Dingbian Wanheshun having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

(b) Approximately RMB312,945,000, being the amounts due to group companies as at Reference Date, shall be settled in the following manner:

(i) RMB50,618,000 shall be payable to the Group within five (5) business days after the issue of the official transition period audit report;

(ii) RMB3,015,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the First Completion Date;

(iii) RMB14,022,000 shall be payable to the Group within ten (10) business days after the issue of the transition period audit report and within ten (10) business days Dingbian Wanheshun received the subsidies receivable after the First Completion Date;

(iv) RMB212,849,000 shall be payable to the Group within fifteen (15) business days after Dingbian Wanheshun having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority; and

(v) RMB32,441,000 shall be payable to the Group within fifteen (15) business days after Dingbian Wanheshun having included in the list of projects qualified for state renewable energy subsidies as published by the relevant authority.

Disposal of Huangshi Huangyuan (the "Second Disposal")

(c) RMB40,529,000, being the cash consideration for the transfer of the entire equity interest in Huangshi Huangyuan, shall be settled in the following manner:

(i) RMB1,000,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Huangshi Huangyuan in respect of the transfer of the equity interest (the "**Second Completion Date**");

(ii) RMB8,507,000 shall be payable to the Group within ten (10) business days upon receipt by Huangshi Huangyuan of the subsidies receivable; and

(iii) RMB31,022,000 shall be payable to the Group within fifteen (15) business days after (i) Huangshi Huangyuan having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority and the on-grid electricity price is RMB0.88 per kwh (excluding regional subsidies), or (ii) Huangshi Huangyuan having received the first batch of state renewable energy subsidies.

(d) Approximately RMB128,538,000, being the amounts due to group companies as at Reference Date, shall be settled in the following manner:

(i) RMB29,222,000 shall be payable to the Group within five (5) business days the issue of the official transition period audit report;

(ii) RMB6,174,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the Second Completion Date; and

(iii) RMB93,142,000 shall be payable to the Group within fifteen (15) business days after (i) Huangshi Huangyuan having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority and the on-grid electricity price is RMB0.88 per kwh (excluding regional subsidies), or (ii) Huangshi Huangyuan having received the first batch of state renewable energy subsidies.

Disposal of Yulin Zhengxin (the "Third Disposal")

(e) RMB52,858,000, being the cash consideration for the transfer of the entire equity interest in Yulin Zhengxin, shall be settled in the following manner:

(i) RMB1,000,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Yulin Zhengxin in respect of the transfer of the equity interest (the "**Third Completion Date**");

(ii) RMB11,136,000 shall be payable to the Group within ten (10) business days after the issue of the transition period audit report and within ten (10) business days Yulin Zhengxin receives the subsidies receivable after the Third Completion Date; and

(iii) RMB40,722,000 shall be payable to the Group within fifteen (15) business days after Yulin Zhengxin having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

(f) Approximately RMB157,218,000, being the amounts due to group companies as at Reference Date, shall be settled in the following manner:

(i) RMB3,762,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the Third Completion Date; and

(ii) RMB153,456,000 shall be payable to the Group within fifteen (15) business days after Yulin Zhengxin having been included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

Disposal of Shengzhou Yihui (the "Forth Disposal")

(g) RMB38,501,000, being the cash consideration for the transfer of the entire equity interest in Shengzhou Yihui, shall be settled in the following manner:

(i) RMB23,100,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Shengzhou Yihui in respect of the transfer of the equity interest (the "**Fourth Completion Date**");

(ii) RMB13,611,000 shall be payable to the Group within five (5) business days after the handover of the deliverable items including but not limited to the company seal, licenses, financial information, contract information, various equipment and facilities related to Shengzhou Yihui; and

(iii) RMB1,790,000 shall be payable to the Group within ten (10) business days after the issue of the transition period audit report and within ten (10) business days Shengzhou Yihui receives the subsidies receivable after the Fourth Completion Date.

(h) Approximately RMB142,023,000 being the amounts due to group companies as at Reference Date, shall be settled in the following manner:

(i) RMB136,786,000 shall be payable to the Group within five (5) business days the issue of the official transition period audit report; and

(ii) RMB5,237,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the Fourth Completion Date.

Disposal of Dingbian Jingyang (the "Fifth Disposal")

(i) RMB256,185,000, being the cash consideration for the transfer of the entire equity interest in Dingbian Jingyang, shall be settled in the following manner:

(i) RMB17,652,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Dingbian Jingyang in respect of the transfer of the equity interest (the "**Fifth Completion Date**");

(ii) RMB11,768,000 shall be payable to the Group within five (5) business days after the handover of the deliverable items including but not limited to the company seal, licenses, financial information, contract information, various equipment and facilities related to Dingbian Jingyang;

(iii) RMB13,685,000 shall be payable to the Group within ten (10) business days after the issue of the transition period audit report and within ten (10) business days Dingbian Jingyang receives the subsidies receivable after the Fifth Completion Date; and

(iv) RMB213,080,000 shall be payable to the Group within fifteen (15) business days after Dingbian Jingyang having passed the relevant verification process and becoming included in the list of projects qualified for state renewable energy subsidies as published by the relevant PRC authority.

(j) Approximately RMB55,603,000 being the amounts due to group companies as at Reference Date, shall be settled in the following manner:

(i) RMB52,514,000 shall be payable to the Group within five (5) business days after the issue of the official transition period audit report; and

(ii) RMB3,089,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the Fifth Completion Date.

Disposal of Dingbian County Zhixinda (the "Sixth Disposal")

(k) RMB369,348,000, being the cash consideration for the transfer of the entire equity interest in Dingbian County Zhixinda, shall be settled in the following manner:

(i) RMB43,546,000 shall be payable to the Group within five (5) business days after the date of issuing the new business license of Dingbian County Zhixinda in respect of the transfer of the equity interest (the "**Sixth Completion Date**");

(ii) RMB314,825,000 shall be payable to the Group within five (5) business days after the issue of the official transition period audit report;

(iii) RMB4,373,000 shall be payable to the Group within ten (10) business days after the issue of the transition period audit report and within ten (10) business days Dingbian County Zhixinda receives the subsidies receivable after the Sixth Completion Date; and

(iv) RMB6,604,000 shall be payable to the Group within ten (10) business days upon completion of certain rectification works items which shall be completed within six (6) months after the Sixth Completion Date

(l) Approximately RMB54,825,000, being the amounts due to group companies as at Reference Date, shall be payable to the Group upon the issue of the transition period audit report which will be issued within twenty (20) business days of completion of the Sixth Disposal.

11) The amount represents the estimated expense for rectification works in connection with the Disposals, amounting to approximately RMB27,881,000 and assumed to be fully settled by cash.

12) The amount represents the reallocation from tax payable to tax recoverable after adjustment on the exclusion of tax payable from the Project Companies.

13) The adjustments in respect of the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of other comprehensive income and unaudited pro forma consolidated statement of cash flows above are not expected to have a continuing effect on the Group's consolidated financial statements except for those that have been clearly identified to have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF KONG SUN HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kong Sun Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes as set out on pages III-1 to III-23 of Appendix III of the circular dated 31 August 2023 (the "**Circular**") in connection to the proposed disposal of entire equity interests in 定邊縣萬和順新能源發電有限公司 (Dingbian Wanheshun New Energy Power Generation Limited) ("**Dingbian Wanheshun**"),黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Limited*) ("**Huangshi Huangyuan**"), 榆林正信電力有限公司 (Yulin Zhengxin Electricity Limited) ("**Yulin Zhengxin**"), 嵊州懿暉光伏發電有限公司 (Shengzhou Yihui Photovoltaic Power Generation Limited*) ("**Shengzhou Yihui**"), 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.) ("**Dingbian Jingyang**"), and 定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited) ("**Dingbian County Zhixinda**") (the "**Disposal**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages III-1 to III-23 of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Disposals on the Group's financial position as at 31 December 2022 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Disposals had taken place at 31 December 2022 and 1 January 2022, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors of the Company from the Company's consolidated financial statements for the year ended 31 December 2022, on which an independent auditor's report for the year ended 31 December 2022 has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

PROFESSIONAL ETHICS AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirement of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposals as at 31 December 2022 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong, 31 August 2023

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Valor Appraisal & Advisory Limited, an independent valuer, in connection with their valuation of 100% equity interests in the Project Companies as at 30 April 2023.

VALUE WITH VIRTUES

VALOR APPRAISAL & ADVISORY LIMITED

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Date: 31 August 2023

The Board of Directors
Kong Sun Holdings Limited
Unit 803-4, 8/F, Everbright Centre,
108 Gloucester Road,
Wanchai, Hong Kong

Dear Sir/Madam,

RE: Valuation Report of 定邊縣萬和順新能源發電有限公司，黃石黃源光伏電力開發有限公司，榆林正信電力有限公司，嵊州懿暉光伏發電有限公司，定邊縣晶陽電力有限公司 and 定邊縣智信達新能源有限公司 for Circular Reference for Kong Sun Holdings Limited

In accordance with the instruction of Kong Sun Holdings Limited ("**Kong Sun**"), we have made an appraisal of the equitable values of 100% equity interests in 定邊縣萬和順新能源發電有限公司，黃石黃源光伏電力開發有限公司，榆林正信電力有限公司，嵊州懿暉光伏發電有限公司，定邊縣晶陽電力有限公司 and 定邊縣智信達新能源有限公司 for circular reference as at the valuation date (30 April 2023).

The details and conclusion of the valuation are presented in the attached valuation report, which outlines the factors considered, valuation methodology, basis and assumptions employed in formulating our opinion of values.

Valor Appraisal & Advisory Limited ("**Valor**") is an independent firm providing full range of valuation and advisory services. This report has been prepared independently. Neither Valor nor any authors of this report hold any interest in Kong Sun or its related parties. The fee for providing this report is based on Valor's normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in the report.

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited
Haydn Y.C. Lee
CFA CPA (Aust.) MRICS MAusIMM RBV
Director

1. INTRODUCTION & PURPOSE OF VALUATION

In accordance with the instruction of Kong Sun Holdings Limited ("**Kong Sun**" or the "**Company**"), Valor Appraisal & Advisory Limited ("**Valor**") is required to provide an independent valuation report (the "**Valuation Report**") to assess the equitable values (the "**Equitable Values**") of 100% equity interests in 定邊縣萬和順新能源發電有限公司 (translated as Dingbian Wanheshun New Energy Power Generation Limited and hereinafter referred to as the "**First Project Company**"), 黃石黃源光伏電力開發有限公司 (translated as Wangshi Wangyuan Photovoltaic Power Development Limited and hereinafter referred to as the "**Second Project Company**"), 榆林正信電力有限公司 (translated as Yulin Zhengxin Electricity Limited and hereinafter referred to as the "**Third Project Company**"), 嵊州懿暉光伏發電有限公司(translated as Shengzhou Yihui Photovoltaic Power Generation Limited and hereinafter referred to as the "**Fourth Project Company**"), 定邊縣晶陽電力有限公司 (translated as Dingbian Jingyang Electric Co., Ltd. and hereinafter referred to as the "**Fifth Project Company**") and 定邊縣智信達新能源有限公司 (translated as Dingbian County Zhixinda New Energy Limited and hereinafter referred to as the "**Sixth Project Company**") (collectively the "**Equity Interests**") for circular reference as at 30 April 2023 (the "**Valuation Date**"). The First Project Company, the Second Project Company, the Third Project Company, the Fourth Project Company, the Fifth Project Company and the Sixth Project Company are hereinafter collectively referred to as the "**Project Companies**".

Relevant enquiries have been made and required information have been obtained that Valor considers to be necessary in forming an independent opinion of the Equitable Values of the Equity Interests, as at the Valuation Date.

This Valuation Report states valuation methodology and approach adopted in assessing the Equitable Values of the Equity Interests, as well as outlines Valor's latest findings and valuation conclusion, which is prepared solely for the purpose of circular reference for Kong Sun and its subsidiaries (collectively referred to as the "**Group**").

In this Valuation Report, words in the singular number include the plural and vice versa; the words asset or assets are deemed to include liability or liabilities, except where it is expressly stated otherwise, or is clear from the context that liabilities are excluded; headings are inserted for convenient reference only and have no effect in limiting or extending the language to which they refer.

2. BACKGROUND INFORMATION OF THE PROJECT COMPANIES

The following background information of the Project Companies has been complied with reference to the documents received from and representation by the management of the Group and the Project Companies (the "**Management**"), which are assumed to be accurate and relied upon when conducting this valuation exercise.

The Project Companies are established in the People's Republic of China (the "**PRC**") with limited liability and principally engaged in solar power generation.

3. SCOPE OF WORK

In conducting this valuation exercise, Valor's appraisers have:

- gathered all relevant information;
- discussed with the Management;
- collected market data from reliable sources;
- investigated into the information, and considered the basis and assumptions of the opinion of values;
- analysed the financial information of companies in a similar industry; and
- designed an appropriate valuation model to derive the Equitable Values of the Equity Interests.

4. BASIS OF VALUATION

The valuation was carried out on an Equitable Value basis. According to International Valuation Standards 2022 ("**IVS 2022**") issued by International Valuation Standards Council ("**IVSC**"), Equitable Value is defined as "*is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties*". In particular, the Equitable Values of the Equity Interests in this valuation exercise refer to the equity value, which is defined as "*the value of a business to all of its equity shareholders*" in accordance with International Valuation Standard 200 *Businesses and Business Interests* in IVS 2022.

5. BASIS OF OPINION

The valuation was conducted in accordance with IVS 2022 issued by IVSC. The valuation procedure includes review of the financial and economic conditions of the subject business interests, an assessment of key assumptions, estimates, and representations made by the Management. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of values included in the valuation report is impartial, independent and unbiased.

The following factors also form a considerable part of the basis of opinion:

- assumptions on the market and on the subject business interests that are considered to be fair and reasonable;
- financial performance that shows a consistent trend of the operations of the subject business interests;

- consideration and analysis on the micro and macro economic factors; and
- analytical review of the subject business interests.

In the course of conducting the valuation, all the information and explanations considered necessary have been obtained so that there are sufficient evidences and reasonable basis in forming the opinion of values on the subject business interests.

6. SOURCES OF INFORMATION

In conducting the valuation of the subject business interests, the following key information, including but not limited to those provided by the Management and derived from the public have been considered, reviewed, and relied upon:

- Management accounts of the Project Companies as at 31 December 2022 and 30 April 2023;
- IVS 2022 issued by IVSC;
- Overview of the nature of the subject business interests;
- Discussions with the Management;
- Discount for Lack of Marketability – Job Aid for IRS Valuation Professional issued by Internal Revenue Service (the "**IRS DLOM Job Aid**");
- 2021 Edition of the Stout Restricted Stock Study Companion Guide;
- Navigating Valuations in the World of COVID-19 compiled by PwC China (the "**PwC China Report**");
- Control Premium Study, 4th Quarter 2020, FactSet Mergerstat, LLC (the "**Control Premium Study**");
- Business Valuation Update, May 2021, Vol. 27, No. 5, Business Valuation Resources, LLC (the "**Business Valuation Update**");
- From emergency response to long-term COVID-19 disease management: sustaining gains made during the COVID-19 pandemic dated 3 May 2023, World Health Organization (the "**WHO Report**");

- Annual reports, quarterly reports and announcements of GCL New Energy Holdings Limited (451:HK), GCL-Poly Energy Holdings Limited (3800:HK), Beijing Energy International Holding Co., Ltd. (686:HK), Shunfeng International Clean Energy Limited (1165:HK), Xinyi Energy Holdings Limited (3868:HK), CECEP Solar Energy Co., Ltd. (000591:CH) and Jiawei Renewable Energy Co., Ltd. (300317:CH); and

- Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Hong Kong Monetary Authority, Shenzhen Stock Exchange, Google, Yahoo, Reuters and other reliable sources of market data.

In arriving at the opinion of the Equitable Values, the accuracy and completeness of the information reviewed for the purpose of this valuation have been assumed and relied on. In addition, the statements, information, opinion and representations provided by Kong Sun and the Project Companies have been relied upon.

Research was conducted using various sources including government statistical releases and other publications to assess the reasonableness and fairness of information provided.

The opinion is based upon economic, market, financial and other conditions as exist and can be evaluated on the date of this report and no responsibility is assumed to update or revise the opinion based on events or circumstances occurring after the date of this report. In reaching the opinion, assumptions have been made with respect to such economic, market, financial and other conditions and other matters, many of which are beyond the control of Valor or any party involved in this valuation exercise.

7. VALUATION APPROACH AND METHODOLOGY

In carrying out this valuation exercise, the following approaches and methodologies have been considered:

Cost Approach – The cost approach provides an indication of value using the economic principal that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

The cost approach cannot normally be applied to the valuation of a business or business interest except in the case of early stage or start-up businesses where profits and/or cash flow cannot be reliably determined and adequate market information is available on the entity's assets.

Unlike market and income approaches which either incorporate market sentiments or future earnings capacity of an asset as a function to determine its current value, cost approach considers the fundamental cost it takes to form the asset. In our opinion this approach is inapplicable to the current analysis as there is no convincing association of the values of the subject business interests with their costs.

Income Approach – The income approach provides an indication of value by converting future cash flows to a single current capital value. This approach considers the income that an asset will generate over its useful life and indicates value through a capitalisation process. Capitalisation involves the conversion of income into a capital sum through the application of an appropriate discount rate. The income stream may be derived under a contract or contracts, or be non-contractual, for example the anticipated profit generated from either the use of or holding of the asset.

Enterprise value is typically derived through the capitalisation of profits or cash flows through the application of a capitalisation rate or discount rate before debt servicing costs. The capitalisation or discount rate applied is the weighted average cost of capital of an appropriate mix of debt and equity. The market value of the interest bearing debt is deducted from the enterprise value to determine the overall equity value. Redundant, ie non-operating, assets need to be considered when calculating enterprise or equity value.

This approach is not preferred in this exercise because there are relevant market comparables to the subject business interests and reliable projections of the amounts and timing of future income streams are not available for the subject business interests as at the Valuation Date.

Market Approach – The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed. It may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the valuation being undertaken. There may also be differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

The market approach compares the subject business to similar businesses, business ownership interests and securities that have been exchanged in the market and any relevant transactions of shares in the same business. Prior transactions or offers for any component of the business may be also indicative of value.

In this valuation exercise, the values of the subject business interests were developed through the application of the market approach techniques known as guideline transactions method and guideline publicly-traded comparable method. The guideline transaction method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value, whereas the guideline publicly-traded method utilizes information on publicly-traded comparables that are similar to the subject asset to arrive at an indication of value.

The guideline transactions method and guideline publicly-traded method require the proper selection of valuation metrics/comparable evidence and calculation of the selected valuation metrics of comparable transactions and companies to derive the values of the subject business interests.

Under guideline transactions method, the valuation metrics adopted is price-to-book ratio ("**PB Ratio**"). Only PB Ratio was adopted under guideline transactions method because not all the Project Companies are profitable in 2022 and price-to-earnings ratio which is another common valuation metrics is not applicable.

Under guideline publicly-traded method, the valuation metrics adopted is PB Ratio. Only PB Ratio was adopted under guideline publicly-traded method because not all the Project Companies have positive earnings before interest and taxes in 2022 and enterprise value-to-earnings before interest and taxes ratio which is another common valuation metrics is not applicable.

8. KEY ASSUMPTIONS

Key Assumptions

The assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at the assessed values with key assumptions listed as follows:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the operations of the Project Companies;
- there will be no major changes in the current taxation laws in the PRC;
- there will be no material fluctuation of the finance costs and availability of finance in the PRC;
- The Project Companies will fulfil all legal and regulatory requirements for the principal operations;
- the development of the subject business interests will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;

- there will not be any adverse events beyond the control of the management of the Project Companies, including natural disasters, catastrophes, fire, explosion, flooding, riots, acts of terrorism, epidemics and pandemics that may adversely affect the operations of the subject business interests;

- the future movement of exchange rates and interest rates will not differ materially from prevailing market rates;

- The Project Companies will retain competent management, key personnel and technical staff for its operation and the relevant shareholders will support its ongoing operation; and

- For the majority of comparable transactions, the considerations were paid in instalments, subject to various conditions. These conditions for consideration payments are assumed to be normal market conditions which have already been factored in the considerations/prices of the comparable transactions.

9. GUIDELINE TRANSACTIONS METHOD

Comparable Transactions

Since the subject entities are principally engaged in operations of solar power plants in the PRC, with a view to selecting appropriate comparable transactions, we focus on those transactions of solar power plants which are located in the PRC and are in operation (instead of in development and construction).

Selection criteria of comparable transactions are listed as follows:

1. Solar power plant transactions undertaken by listed companies in Hong Kong and the PRC;

2. Transactions of solar power plants which are located in the PRC and are in operation (instead of in development and construction) with known/deduced installed capacity;

3. Connected transactions and sale and leaseback transactions are excluded; and

4. The announcement dates of transactions are within the period from 1 May 2021 to 30 April 2023.

Based on the above selection criteria, we have selected the following comparable transactions:

Transaction:	1
Listed Company:	GCL-Poly Energy Holdings Limited (3800:HK), GCL New Energy Holdings Limited (451:HK)
Announcement Date:	7 May 2021
Target Company:	永城鑫能光伏電力有限公司
Installed Capacity:	86MW
Consideration:	RMB193,000,000
Equity Interest:	100%
Net Asset:	RMB136,971,269 (31 October 2020)
PB Ratio:	1.41

Transaction:	2
Listed Company:	GCL New Energy Holdings Limited (451:HK)
Announcement Date:	5 July 2021
Target Company:	峨山永鑫光伏發電有限公司
Installed Capacity:	50MW
Consideration:	RMB43,100,000
Equity Interest:	100%
Net Asset:	RMB7,473,193 (31 December 2020)
PB Ratio:	5.77

Transaction:	3
Listed Company:	GCL New Energy Holdings Limited (451:HK)
Announcement Date:	21 July 2021
Target Company:	阜寧縣鑫源光伏電力有限公司，灌雲縣協鑫光伏電力有限公司，東海縣協鑫光伏電力有限公司，沛縣鑫日光伏電力有限公司，徐州鑫輝光伏電力有限公司，淮安鑫源光伏電力有限公司，淮安融高光伏發電有限公司，鎮江鑫利光伏電力有限公司，鎮江鑫龍光伏電力有限公司，張家港協鑫光伏電力有限公司，南通協鑫新能源有限公司，連雲港鑫眾光伏電力有限公司，新沂鑫日光伏電力有限公司，句容信達光伏發電有限公司，南京鑫日光伏發電有限公司，寶應協鑫光伏電力有限公司
Installed Capacity:	301MW
Consideration:	RMB475,983,100
Equity Interest:	100%
Net Asset:	RMB526,478,046 (28 February 2021)
PB Ratio:	0.90

Transaction:	4
Listed Companies:	GCL-Poly Energy Holdings Limited (3800:HK), GCL New Energy Holdings Limited (451:HK)
Announcement Date:	30 August 2021
Target Company:	神木市平元電力有限公司，神木市平西電力有限公司，神木縣晶登電力有限公司，西咸新區協鑫光伏電力有限公司
Installed Capacity:	271MW
Consideration:	RMB297,707,700
Equity Interest:	100%
Net Asset:	RMB276,957,001 (30 April 2021)
PB Ratio:	1.07

Transaction:	5
Listed Company:	Shunfeng International Clean Energy Limited (1165:HK)
Announcement Date:	24 August 2021
Target Company:	保山長山順風尚德新能源有限公司，疏附縣浚鑫科技光伏發電有限公司，克州百事德新能源開發有限公司，麥蓋提金壇正信新能源科技有限公司，烏什龍柏電力投資有限公司，英吉沙縣融信天和新能源有限責任公司，疏附縣中建材新能源光伏發電有限公司
Installed Capacity:	190MW
Consideration:	RMB138,200,000
Equity Interest:	100%
Net Asset:	RMB264,550,000 (30 June 2021)
PB Ratio:	0.52

Transaction:	6
Listed Company:	GCL New Energy Holdings Limited (451:HK)
Announcement Date:	13 September 2021
Target Company:	神木市晶富電力有限公司，神木市晶普電力有限公司
Installed Capacity:	198MW
Consideration:	RMB236,858,900
Equity Interest:	100%
Net Asset:	RMB366,656,603 (30 April 2021)
PB Ratio:	0.65

Transaction:	7
Listed Company:	Shunfeng International Clean Energy Limited (1165:HK)
Announcement Date:	6 October 2021
Target Company:	河北三龍電力科技有限公司，尚義縣順能光伏電力有限公司
Installed Capacity:	93MW
Consideration:	RMB170,000,000
Equity Interest:	100%
Net Asset:	RMB86,835,000 (30 June 2021)
PB Ratio:	1.96

Transaction:	8
Listed Company:	Shunfeng International Clean Energy Limited (1165:HK)
Announcement Date:	28 December 2021
Target Company:	陽原聚格光電科技有限公司
Installed Capacity:	50MW
Consideration:	RMB13,689,500
Equity Interest:	100%
Net Asset:	RMB25,555,000 (30 June 2021)
PB Ratio:	0.54

Transaction:	9
Listed Company:	Shunfeng International Clean Energy Limited (1165:HK)
Announcement Date:	3 January 2022
Target Company:	海南州鑫昇新能源科技有限公司，通威太陽能且末有限公司，新疆普新誠達能源科技有限公司，新疆天利恩澤太陽能科技有限公司
Installed Capacity:	132MW
Consideration:	RMB160,230,000
Equity Interest:	100%
Net Asset:	RMB219,027,000 (30 June 2021)
PB Ratio:	0.73

Transaction:	10
Listed Company:	GCL New Energy Holdings Limited (451:HK)
Announcement Date:	25 January 2022
Target Company:	寧夏鑫墾簡泉光伏電力有限公司
Installed Capacity:	30MW
Consideration:	RMB6,520,000
Equity Interest:	100%
Net Asset:	RMB6,346,120 (31 August 2021)
PB Ratio:	1.03

Transaction:	11
Listed Company:	GCL New Energy Holdings Limited (451:HK)
Announcement Date:	21 March 2022
Target Company:	寧夏盛景太陽能科技有限公司
Installed Capacity:	30MW
Consideration:	RMB135,052,000
Equity Interest:	100%
Net Asset:	RMB139,443,271 (31 December 2021)
PB Ratio:	0.97

Transaction:	12
Listed Company:	Shunfeng International Clean Energy Limited (1165:HK)
Announcement Date:	4 July 2022
Target Company:	新疆普新誠達能源科技有限公司
Installed Capacity:	70MW
Consideration:	RMB527,952,900
Equity Interest:	100%
Net Asset:	RMB26,922,000 (30 June 2022)
PB Ratio:	19.61

Transaction:	13
Listed Company:	Jiawei Renewable Energy Co., Ltd. (300317:CH)
Announcement Date:	9 March 2022
Target Company:	金昌珈偉新能源電力
Installed Capacity:	75MW
Consideration:	RMB3,889,700
Equity Interest:	100%
Net Asset:	RMB961,100 (28 February 2022)
PB Ratio:	4.05

Valuation Metrics for Guideline Transactions Method

1. The valuation metrics adopted for guideline transactions method is PB Ratio.

2. Consideration of comparable transactions was taken as numerator in calculating the PB Ratio of comparable transactions.

3. Net asset of comparable transactions was taken as denominator in calculating the PB Ratio of comparable transactions.

4. Installed capacity of comparable transactions was taken as the weighting factor in calculating the weighted PB Ratio of comparable transactions.

5. Since the PB Ratios of transactions 2, 12 and 13 are abnormally high when compared to PB Ratios of other comparable transactions, these transactions are considered outliers and excluded from the calculation of weighted average PB Ratio.

6. The weighted average PB Ratio of remaining comparable transactions was calculated to be 0.92.

7. Net asset of the First Project Company as at 30 April 2023 is RMB16,186,000, as per management accounts of the First Project Company as at 30 April 2023.

8. The value of 100% equity interest in the First Project Company calculated by applying PB Ratio under guideline transactions method is RMB14,968,000.

9. Net asset of the Second Project Company as at 30 April 2023 is RMB63,942,000, as per management accounts of the Second Project Company as at 30 April 2023.

10. The value of 100% equity interest in the Second Project Company calculated by applying PB Ratio under guideline transactions method is RMB59,130,000.

11. Net asset of the Third Project Company as at 30 April 2023 is RMB73,094,000, as per management accounts of the Third Project Company as at 30 April 2023.

12. The value of 100% equity interest in the Third Project Company calculated by applying PB Ratio under guideline transactions method is RMB67,593,000.

13. Net asset of the Fourth Project Company as at 30 April 2023 is RMB52,885,000, as per management accounts of the Fourth Project Company as at 30 April 2023.

14. The value of 100% equity interest in the Fourth Project Company calculated by applying PB Ratio under guideline transactions method is RMB48,905,000.

15. Net asset of the Fifth Project Company as at 30 April 2023 is RMB275,370,000, as per management accounts of the Fifth Project Company as at 30 April 2023.

16. The value of 100% equity interest in the Fifth Project Company calculated by applying PB Ratio under guideline transactions method is RMB254,647,000.

17. Net asset of the Sixth Project Company as at 30 April 2023 is RMB388,299,000, as per management accounts of the Sixth Project Company as at 30 April 2023.

18. The value of 100% equity interest in the Sixth Project Company calculated by applying PB Ratio under guideline transactions method is RMB359,078,000.

10. GUIDELINE PUBLICLY-TRADED METHOD

Selection of Comparable Listed Companies

With a view to selecting appropriate comparable listed companies, we focus on those companies listed in Hong Kong and the PRC which are principally engaged in operation of solar power plants in the PRC.

Selection criteria of comparable companies are listed as follows:

1. Companies listed in Hong Kong and the PRC; and

2. Companies principally engaged in operation of solar power plants in the PRC.

The following searching procedures have been adopted in order to obtain a full and exhaustive list of potential comparable companies:

- Using search engine to search comparable companies based on the above criteria; and

- Cross checking the list of comparable companies with financial websites.

Upon procuring the list of potential comparable companies, the following review procedures have been adopted in order to select the appropriate comparable companies:

- Reviewing the potential comparable companies' annual reports, news and announcements; and

- Cross checking the potential comparable companies' segment revenue in their annual reports to ensure relevancy and comparability.

Based on the above selection criteria, searching and review procedures, we have selected the following comparable companies:

Stock Code	Company Name	Company Description
451:HK	GCL New Energy Holdings Limited	*"GCL New Energy Holdings Limited is an investment holding company mainly engaged in the electricity business. The Company is engaged in the development, construction, operation and management of solar power plants. The Company is also engaged the distribution of electricity. In addition, the Company is engaged in the provision of solar energy related services." (Source: HKEX)*
686:HK	Beijing Energy International Holding Co., Ltd.	*"Beijing Energy International Holding Co., Ltd., formerly Panda Green Energy Group Ltd, is an investment holding company principally engaged in solar power plants businesses. The Company is principally engaged in development, investment, operation and management of solar power plants and other renewable energy projects. The renewable energy projects include photovoltaic, wind power, hydropower and other clean energy investment operations. The Company's new energy projects cover China and some overseas regions, including Inner Mongolia, Qinghai, Ningxia, Shanxi, Hubei, Xinjiang, Gansu, Yunnan, Shandong, Jiangsu, Hebei, Guangdong and other places." (Source: HKEX)*

1165:HK	Shunfeng International Clean Energy Limited	*"Shunfeng International Clean Energy Limited is a China-based company principally involved in the provision of clean energy and low-carbon energy-saving integrated solutions. The Company operates two segments: Solar Power Generation in China segment and Manufacturing and Sales of Light Emitting Diode (LED) Products segments. Its products mainly include power, LED chips, LED packages and other LED products. The Company mainly conducts its businesses in Mainland China." (Source: HKEX)*
3868:HK	Xinyi Energy Holdings Limited	*"Xinyi Energy Holdings Limited is a China-based investment holding company. The Company is principally engaged in the management and operation of solar farms through its subsidiaries, and generates revenue by selling the electricity to subsidiaries of the State Grid. The Company operates Jinzhai Solar Farm, Sanshan Solar Farm, Nanping Solar Farm, Lixin Solar Farm, Binhai Solar Farm, HongAn Solar Farm and Wuwei Solar Farm, among others. These solar farms are mainly located in Anhui, Tianjin, Fujian and Hubei Provinces in China. The Company mainly conducts its businesses in domestic market." (Source: HKEX)*
000591:CN	CECEP Solar Energy Co., Ltd.	*"CECEP Solar Energy Co., Ltd., formerly Chongqing Tong Jun Ge Co., Ltd., is a China-based company principally engaged in the investment and operation of solar photovoltaic power stations, as well as the production and sale of solar cell modules. The Company operates through three segments: solar power, solar products and others. The Company's main products include electric power and photovoltaic components. The Company principally operates its businesses within the domestic market." (Source: Reuters)*

Valuation Metrics for Guideline Publicly-Traded Method

1. The valuation metrics adopted for guideline publicly-traded method is PB Ratio.

2. Market capitalization of comparable companies as at 28 April 2023 was taken as numerator in calculating the PB Ratio of comparable companies.

3. Latest equity attributable to equity holders of comparable companies was taken as denominator in calculating the PB Ratio of comparable companies.

4. The average PB Ratio of comparable companies was calculated to be 0.85.

Control Premium

Control Premiums are applied to reflect differences between the comparables and the subject asset with regard to the ability to make decisions and the changes that can be made as a result of exercising control. All else being equal, participants would generally prefer to have a control over an asset than not. Circumstances where control premiums should be considered include where shares of public companies generally do not have the ability to make decisions related to the operations of the company (they lack control). As such, when applying the guideline public comparable method to value a subject asset that reflects a controlling interest, a control premium may be appropriate.

Since the Equity Interests of the Project Companies are controlling interests whereas shares of the comparable listed companies are minority interests, a control premium has been applied to reflect the difference of the ability to make decisions as a result of exercising control. According to the PwC China Report, there has been a gradual decline in value and count in global merger and acquisition quarterly activity since second quarter of 2018 with a significant drop in first quarter of 2020 in both volume and deal value. Average control premiums have followed a similar trend with a drop to around 10% in first quarter of 2020 versus an average premium of around 20% in 2018 and 2019. According to the WHO Report, by May 2023, the number of weekly reported deaths is at its lowest since the COVID-19 pandemic began, and in most countries, life has returned to "normal". In view of the above, the control premium is expected to be reverted to the normal and a control premium of 20% has been applied in this valuation exercise, taking account of 24.6% overall median equity control premium in the Control Premium Study and approximately 19% median equity control premium of the utilities sector in the Business Valuation Update.

Discount for Lack of Marketability

According to the IRS DLOM Job Aid, marketability is defined as "*the ability to quickly convert property to cash at minimal cost with a high degree of certainty of realizing the anticipated amount of proceeds*" and a discount for lack of marketability ("**DLOM**") is defined as *"an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability"*. It is expected that a higher price will be paid by investors for business interest with high marketability and a lesser price will be paid by investors for business interest with low marketability.

In this valuation exercise, a DLOM has been applied to reflect that Project Companies are private companies, hence having lower marketability than the comparable listed companies. With reference to the 2021 Edition of the Stout Restricted Stock Study Companion Guide, the Stout Restrict Stock Study have examined 763 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through December 2020. For the First Project Company, the Second Project Company, the Third Project Company and the Fourth Project Company, a DLOM of 42.9% has been adopted in this valuation exercise, which is with reference to 42.9% median discount for the 5th quintile of these 763 transactions. The median discount in the 5th quintile has been with reference to because the median book value of equity in the 5th quintile is US$6.8 million, which is comparable to the book values of the First Project Company, the Second Project Company, the Third Project Company and the Fourth Project Company. For the Fifth Project Company and the Sixth Project Company, a DLOM of 15.8% has been adopted in this valuation exercise, which is with reference to 15.8% overall median discount of these 763 transactions. A lower DLOM has been adopted for the Fifth Project Company and the Sixth Project Company because the book values of these two Project Companies are much larger than the other four Project Companies.

Values Estimated by Guideline Publicly-Traded Method

1. Values of the Project Companies under the guideline publicly-traded method were calculated by multiplying the average PB Ratio of comparable companies by the respective net asset values of the Project Companies as at 30 April 2023, then adjusting for the control premium and DLOM.

2. The value of 100% equity interest in the First Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB9,482,000.

3. The value of 100% equity interest in the Second Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB37,459,000.

4. The value of 100% equity interest in the Third Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB42,821,000.

5. The value of 100% equity interest in the Fourth Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB30,982,000.

6. The value of 100% equity interest in the Fifth Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB237,885,000.

7. The value of 100% equity interest in the Sixth Project Company calculated by applying PB Ratio under guideline publicly-traded method is RMB335,441,000.

11. WEIGHTING FACTOR

1. An equal weighting factor, viz 50/50, has been given to the guideline transactions method and guideline publicly-traded method. An equal weighting factor will give a more balanced result considering the pros and cons of both methods.

2. The final result is calculated by taking the average of values calculated under guideline transactions method and guideline publicly-traded method.

12. VALUATION COMMENTS

As part of the analysis, the information and documents provided by the Management, the financial and business information from public sources with such available financial information, client representation, project documentation and other pertinent data concerning the Equity Interests have been reviewed. The accuracy of such information have been assumed and relied on to a considerable extent in arriving at the opinion of values.

Relevant searches and enquiries have been made and such further information as considered necessary has been obtained for the purpose of this valuation exercise.

The opinion of values is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are regarded to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Kong Sun, the Project Companies and Valor. No assurance is provided on the achievability of any financial results estimated by Kong Sun and/or the Project Companies because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the financial results is dependent on actions, plans and assumptions of the management. In addition, the other limiting and general service conditions are attached in Appendix I.

13. RISK FACTORS

Economic, political and social considerations

Due to the uncertainties in economic situation, there is no guarantee that the expected financial performance will materialize. Any changes in global political, economic and social conditions, laws, regulations and policies may have significant impacts on the projections of the future incomes of the Project Companies. None of these changes can be foreseen with certainty.

Technological changes

Any change in the technological developments and advancements may have significant impacts on the future financial results of the Project Companies. To remain competitive in the industry, the Project Companies may be required to make substantial capital expenditures to keep up with technological changes.

Inflation

The supply shortage brought about by recent outbreak of COVID-19, pose a significant risk of inflation, which may erode the profitability of the Project Companies.

Company specific risk

The operation of the Project Companies may perform better or worse than the expectation, and the resulting earnings and cash flows will be very different from the estimates. The possibility of severe operational incidence, whether it is exogenous or endogenous, cannot be precluded.

14. OPINION OF VALUES

Based on the investigation and analysis outlined in this report, we are of the opinion that as at the Valuation Date, which is **30 April 2023**, the total Equitable Value of 100% equity interests in the Project Companies is **RMB749,197,000** (RENMINBI SEVEN HUNDRED FORTY NINE MILLION ONE HUNDRED NINETY SEVEN THOUSAND), with breakdown as follows:

Subject	Guideline Transactions Method	Guideline Publicly-traded Comparable Method	Equitable Value
100% Equity Interest in the First Project Company	RMB14,968,000	RMB9,482,000	RMB12,225,000
100% Equity Interest in the Second Project Company	RMB59,130,000	RMB37,459,000	RMB48,295,000
100% Equity Interest in the Third Project Company	RMB67,593,000	RMB42,821,000	RMB55,207,000
100% Equity Interest in the Fourth Project Company	RMB48,905,000	RMB30,982,000	RMB39,944,000
100% Equity Interest in the Fifth Project Company	RMB254,647,000	RMB237,885,000	RMB246,266,000
100% Equity Interest in the Sixth Project Company	RMB359,078,000	RMB335,441,000	RMB347,260,000
Total	**RMB804,321,000**	**RMB694,070,000**	**RMB749,197,000**

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited
Haydn Y.C. Lee
CFA CPA (Aust.) MRICS MAusIMM RBV
Director

Mr. Haydn Y.C. Lee is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer. He has around 15 years' experience in business valuation. He oversees the business valuation services of Valor and has provided a wide range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and Singapore.

APPENDIX I – LIMITING AND GENERAL SERVICE CONDITIONS

1. As part of the analysis, Valor's appraisers have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to Valor during the course of the valuation. Valor's appraisers have assumed the accuracy of, and have relied on the information and client representations provided in arriving at the opinion of value. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

2. Our report was used as part of the analysis of the Group in reaching their conclusion of value and the ultimate responsibility of the determination of value of the subject asset rests solely with the Group.

3. It is assumed that the Management is responsible to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.

4. Valor shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.

5. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by Valor's appraisers.

6. The conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the asset valued.

7. It is assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, it is assumed that no responsibility for changes in market conditions after the date of this report.

8. This valuation report has been prepared solely for the use of the designated parties. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without prior written consent from Valor.

9. This report is confidential to the client for the specific purpose to which it refers. In accordance with Valor's standard practice, it is stated that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

10. Valor have made no investigation of and assumed no responsibility for the title to or any liabilities against the asset appraised.

11. In the event that Valor becomes involved in any capacity in any action, proceedings or investigation brought by or against any person, in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement, the Group will reimburse the Valor for all legal and other expenses incurred in connection therewith. Except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers, the Group will fully indemnify and hold Valor harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement. The reimbursement, indemnity and contributions to each of its associates shall ensure to the benefit of the Valor's successors, assigns, heirs and personal representatives of the Valor, any such affiliate and any such persons. In the event the Valor is subject to any liability in connection with this service engagement, such liability will be limited to the amount of fees received for this engagement.

12. The Group agrees that itself or any of its associates will make no claim against Valor or any of its associates in connection with the engagement of the Valor except as a result of the Valor's wilful default or gross negligence, and that neither Valor nor any of its associates will have any direct or indirect liability to the Group or except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers.

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
Executive Director				
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 Practicable 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 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*) ("**Suzhou Xuqiang**") and Hebei Financial Leasing, pursuant to which Hebei Financial Leasing agreed to purchase all the photovoltaic power generating equipment and ancillary facilities regarding the 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;

(b) the finance lease agreement dated 28 April 2023 entered into between the Second Project Company and Hebei Financial Leasing, pursuant to which Hebei Financial Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding the 30MW photovoltaic power plant located in Huangshi City, Hubei Province, the PRC from the Second Project Company for a total consideration of RMB90,000,000 and lease such assets to the Second Project Company for a term of 10 years for the total estimated aggregate lease payments of approximately RMB120,010,000;

(c) 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*) ("**Feixi Zhonghui**") and Hebei Financial Leasing, pursuant to which Hebei Financial Leasing agreed to purchase all the photovoltaic power generating equipment and ancillary facilities regarding the 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;

(d) the finance lease agreement dated 12 April 2023 entered into between 合肥綠聚源光伏發電有限公司 (Hefei Lvjuyuan Photovoltaic Power Generation Limited*), an indirect wholly owned subsidiary of the Company ("**Hefei Lvjuyuan**"), and CDB Leasing, pursuant to which CDB Leasing agreed to purchase certain photovoltaic power generating equipment and ancillary facilities regarding two of the 20MW photovoltaic power plants located in Hefei City, Anhui Province, the PRC from Hefei Lvjuyuan for a total consideration of RMB200,000,000 and lease such assets to Hefei Lvjuyuan for a term of 12 years for the total estimated aggregate lease payments of approximately RMB280,260,000, together with the agreement dated 12 April 2023 entered into by and among CDB Leasing, 大唐融資租賃有限公司 (Datang Finance Leasing Limited*) ("**Datang Finance Leasing**") and Hefei Lvjuyuan in relation to the settlement of the outstanding amount due from Hefei Lvjuyuan to Datang Finance Leasing under the existing finance lease arrangement between Hefei Lvjuyuan and Datang Finance Leasing, and the relevant agreements relating to the pledges executed in relation to the finance lease agreement;

(e) the finance lease agreement dated 27 February 2023 entered into between the Sixth Project Company and 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;

(f) 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;

(g) 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,深圳市前海燊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 (Khorgos 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;

(h) 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;

(i) 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 濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Photovoltaic Power Generation Limited*) ("**Jiyuan Dayu Jiangshan**") in relation to the disposal of the entire equity interests of Jiyuan Dayu Jiangshan for a total consideration of RMB34,400,000;

(j) the equity transfer agreement dated 25 March 2022 entered into by and among Kong Sun Yongtai, Zhongyuan Xinhua and 寶豐縣鑫泰光伏電力科技開發有限公司 (Baofeng Xintai Photovoltaic Power Technology Development Limited*) ("**Baofeng Xintai**") in relation to the disposal of 50% equity interests of Baofeng Xintai held by Kong Sun Yongtai and the rights of Kong Sun Yongtai as the ultimate beneficial owner of Baofeng Xintai for a total consideration of RMB84,275,000;

(k) the disposal agreements dated 2 November 2021 entered into between, among others, Kong Sun Yongtai, 新疆誠石易盛商貿有限公司 (Xinjiang Chengshi Yisheng Trading Co., Ltd.) ("**Xinjiang Chengshi**") and 新華電力發展投資有限公司 (Xinhua Electricity Development Investment Limited*) ("**Xinhua Electricity**") in relation to the disposals of seven project companies from Kong Sun Yongtai and Xinjiang Chengshi to Xinhua Electricity for a total consideration of RMB242,130,000.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualifications
Valor Appraisal & Advisory Limited	Independent valuer
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the experts above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which it appears.

10. 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.

11. DOCUMENTS ON DISPLAY

Copies of the following 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:

(a) the Disposal Agreements;

(b) the annual reports of the Group for the three years ended 31 December 2020, 2021 and 2022;

(c) the unaudited consolidated financial information of the Project Companies, the texts of which are set out in Appendix II-A to Appendix II-F to this circular;

(d) the letter on the unaudited pro forma financial information of the Remaining Group issued by BDO Limited, the text of which is set out in Appendix III to this circular;

(e) the valuation report issued by Valor Appraisal & Advisory Limited, the text of which is set out in Appendix IV to this circular; and

(f) the written consents referred to in the paragraph headed "Experts and consents" in this appendix.

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 Wednesday, 20 September 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 31 August 2023 of the Company.

1. "**THAT**:

(i) the Disposal Agreements (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 Disposal Agreements and the transactions contemplated thereunder."

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

Hong Kong, 31 August 2023

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.