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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

INSIDE INFORMATION ANNOUNCEMENT IN RELATION TO A LITIGATION CASE

This announcement is made by Kong Sun Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the Company’s announcement dated 22 October 2020 (the “**Announcement**”) in relation to the disposals of certain subsidiaries of the Company (the “**Disposals**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, on 22 October 2020, Kong Sun Yongtai entered into the Second Agreement with the Purchaser and the Second Project Company, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Second Sale Equity Interest. As one of the conditions precedent to completion of the Second Disposal, the Second Project Company was included in the Project List of Renewable Energy Power Generation with Subsidies in 2020* (2020年可再生能源發電補貼項目清單) by State Grid Corporation of China (the “**Relevant Subsidies**”). All conditions precedent under the Second Agreement were satisfied, and completion of the Second Disposal took place on 7 December 2021.

In November 2024, the Second Project Company commenced legal proceedings against Kong Sun Yongtai, claiming payment of the Relevant Subsidies not yet received up to April 2025 in accordance with the Second Agreement, together with the relevant liquidated damages and taxation, in an aggregate amount of approximately RMB61.0 million. On 26 December 2025, the Haidian District People's Court rendered a first-instance judgment ordering Kong Sun Yongtai to pay the Relevant Subsidies together with the liquidated damages and taxation of approximately RMB57.9 million. Kong Sun Yongtai appealed against such judgment. On 23 June 2026, the Beijing No. 1 Intermediate People's Court dismissed the appeal and upheld the first-instance judgment, which is currently final and binding (the **"Second-instance Judgment"**). Given that the Second Project Company may still receive the Relevant Subsidies in the future, Kong Sun Yongtai has applied for a retrial of the relevant claim.

After the Company's internal prudential assessment on the possible impact of the Second-instance Judgment, the Group expects to record an additional compensation arising from litigation of approximately RMB57.9 million in its unaudited condensed consolidated financial statements for the six months ended 30 June 2026 (the **"Period"**). The Company may reverse the provision for such compensation losses recognised if the Relevant Subsidies will be recovered in the future.

The Company considered that the foregoing litigation claim, which arose from the Second Project Company's failure to receive the Relevant Subsidies in accordance with the Second Agreement, was an isolated case. As at the date of this announcement, no similar issue relating to failure to receive subsidies was identified for the remaining Project Companies under the Disposals. As at the date of this announcement, the Board considered the above litigation case did not and will not materially and adversely affect the Group's financial position.

The Company is still in the process of finalising the interim results of the Group for the Period. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group for the Period and other information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company nor approved by the audit committee of the Company. The actual financial impact of the Second-instance Judgment to the Group remains subject to audit and further assessment by the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

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

Hong Kong, 7 August 2026

As of the date of this announcement, the Board comprises two executive Directors, Mr. Li Guo and Ms. Liu Ying, one non-executive Director, Mr. Jiang Hengwen, and three independent non-executive Directors, Mr. Qin Junyi, Ms. Sun Yiwen and Mr. Tang Jian.