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KongSun Holdings

KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

DISCLOSEABLE TRANSACTION DISPOSALS OF SUBSIDIARIES

THE DISPOSALS

On 2 November 2021, Kong Sun Yongtai and Xinjiang Chengshi, wholly-owned subsidiaries of the Company, the Purchaser and the Project Companies entered into the Disposal Agreements, pursuant to which Kong Sun Yongtai or Xinjiang Chengshi (as the case may be) conditionally agreed to sell its respective entire equity interests in the Project Companies (which hold in total seven (7) solar power projects in the PRC) to the Purchaser for a total consideration of approximately RMB242,130,000.

Upon completion of the Disposals, the Project Companies will cease to be subsidiaries of the Company and the results of operation of the Project Companies will cease to be consolidated in the Company's financial statements.

Following completion of the Disposals, the Group will continue to provide the Guarantees in respect of certain existing borrowings of the Project Companies until the Guarantees are released. The Purchaser is required to procure the release of the Guarantees within 90 days of completion of the Disposals.

LISTING RULES IMPLICATIONS

The Disposals

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregation basis, are more than 5% but all of them are lower than 25%, the transactions contemplated under the Disposal Agreements constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Guarantees is 5% or more but all of them are lower than 25%, these Guarantees constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSALS

On 2 November 2021, Kong Sun Yongtai and Xinjiang Chengshi, wholly-owned subsidiaries of the Company, the Purchaser and the Project Companies entered into the Disposal Agreements, pursuant to which Kong Sun Yongtai or Xinjiang Chengshi (as the case may be) conditionally agreed to sell its respective entire equity interests in the Project Companies (which hold in total seven (7) solar power projects in the PRC) to the Purchaser for a total consideration of approximately RMB242,130,000.

The principal terms of the Disposal Agreements are summarized as follows:

PRINCIPAL TERMS OF THE DISPOSAL AGREEMENTS

(A) The First Agreement

Subject matter

On 2 November 2021, Kong Sun Yongtai, the Purchaser and the First Project Company entered into the First Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the First Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai in favour of the Purchaser under the First Agreement.

Consideration

The consideration for the First Disposal is approximately RMB36,360,000, which shall be payable by the Purchaser in cash in the following manner:

- (i) an amount of approximately RMB21,820,000, representing approximately 60.0% of the consideration for the First Disposal, shall be paid into the Escrow Account before completion of the First Disposal (the “**First Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the First Disposal;
- (ii) an amount of approximately RMB8,980,000, representing approximately 24.7% of the consideration for the First Disposal, shall be paid to Kong Sun Yongtai within five (5) business days after completion of handover of certain deliverables relating to the First Project Company; and
- (iii) within ten (10) business days upon each receipt of the First Project Company of the state renewable energy subsidies before the Reference Date, up to a total amount of approximately RMB5,560,000, representing approximately 15.3% of the consideration for the First Disposal shall be paid to Kong Sun Yongtai.

Repayment of the First Debts

As at the Reference Date, the First Project Company had the outstanding First Debts in the amount of approximately RMB85,518,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, which shall be payable by the First Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB84,069,000, shall be settled by the First Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,449,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of certain rectification works items of the First Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the First Disposal. The estimated cost of such rectification works items of the First Project is approximately RMB1,449,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the First Disposal. In the event of any change of net assets value of the First Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment. The Purchaser has the right to request compensation from Kong Sun Yongtai.

Default

If the Purchaser fails to pay the consideration for the First Disposal pursuant to the terms of the First Agreement or the First Project Company fails to repay the First Debts pursuant to the terms of the First Agreement, Kong Sun Yongtai has the right to request the Purchaser and the First Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the First Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB3,636,000, representing approximately 10.00% of the consideration for the First Disposal and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai.

Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and

completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the First Disposal and the First Guarantee;
- (b) the consent from CDB Leasing in respect of the First Disposal;
- (c) Kong Sun Yongtai, its related parties and the First Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the First Project Company will be netted off;
- (d) the Purchaser having paid the First Earnest Money into the Escrow Account;
- (e) the representations and warranties provided by Kong Sun Yongtai as at the date of the First Agreement and the First Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the First Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligation pursuant to the terms of the First Agreement, the Purchaser will be entitled to: (1) terminate the First Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) waive the condition precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the First Agreement and require damages in the maximum amount of approximately RMB3,636,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the First Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the First Project Company.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the First Project Company will continue its normal business operations in accordance with its past practices, and no encumbrances or other third party rights will be created with respect to the equity interest in the First Project Company without the prior written consent of the Purchaser.

Termination of the First Guarantee

Pursuant to the First Agreement, by no later than ninety (90) days after completion of the First Disposal, the Purchaser shall procure the release of the First Guarantee by CDB Leasing. In the event that the Purchaser does not procure completion of the release of the First Guarantee within ninety (90) days after completion of the First Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the First Guarantee within ninety (90) days after completion of the First Disposal, Kong Sun Yongtai shall have the right to rescind the First Agreement, and seek for damages from the Purchaser in the amount of not more than RMB3,636,000 and the Purchaser shall bear all the costs and expenses in connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the First Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the First Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the First Guarantee may not be ideal, the Directors consider that the First Disposal and the First Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The First Guarantee would also facilitate CDB Leasing to provide its consent regarding the First Disposal, which is a condition precedent under the First Agreement. Without the First Guarantee, completion of the First Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the CDB Leasing for the change in control of the First Project Company and to get the consent from the CDB Leasing for the purpose of satisfaction of the condition precedent under the First Agreement. In the worst case scenario where the Purchaser fails to procure release of the First Guarantee within ninety (90) days after completion of the First Disposal, Kong Sun Yongtai shall have the right to rescind the First Agreement. On the above basis, the continuation of the First Guarantee for a short period of time after completion of the First Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(B) The Second Agreement

Subject matter

On 2 November 2021, 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 in favour of the Purchaser under the Second Disposal Agreement.

Consideration

The consideration for the Second Disposal is approximately RMB51,400,000, which shall be payable by the Purchaser in cash in the following manner:

- (i) an amount of approximately RMB30,840,000, representing approximately 60.0% of the consideration for the Second Disposal, shall be paid into the Escrow Account before completion of the Second Disposal (the “**Second Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the Second Disposal;
- (ii) an amount of approximately RMB14,780,000, representing approximately 28.8% of the consideration for the Second Disposal, shall be paid to Kong Sun Yongtai within five (5) business days after completion of handover of certain deliverables relating to the Second Project Company; and
- (iii) within ten (10) business days upon each receipt of the Second Project Company of the state renewable energy subsidies before the Reference Date, up to a total amount of approximately RMB5,780,000, representing approximately 11.2% of the consideration for the Second Disposal shall be paid to Kong Sun Yongtai.

Repayment of the Second Debts

As at the Reference Date, the Second Project Company had the outstanding Second Debts in the amount of approximately RMB73,332,000. The Second Debts, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, which shall be payable by the Second Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB71,600,000, shall be settled by the Second Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,732,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of each of certain rectification works items of the Second Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the Second Disposal. The estimated cost of such rectification works items of the Second Project is approximately RMB1,732,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Second Disposal. In the event of any change of net assets value of the Second Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment. The Purchaser has the right to request compensation from Kong Sun Yongtai.

Default

If the Purchaser fails to pay the consideration for the Second Disposal pursuant to the terms of the Second Agreement or the Second Project Company fails to repay the Second Debts pursuant to the terms of the Second Agreement, Kong Sun Yongtai has the right to request the Purchaser and the Second Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the Second Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB5,140,000, representing approximately 10.00% of the consideration for the Second Disposal and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai.

Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the Second Disposal and the Second Guarantee;
- (b) the consent from CDB Leasing in respect of the Second Disposal;
- (c) Kong Sun Yongtai, its related parties and the Second Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Second Project Company will be netted off;
- (d) the Purchaser having paid the Second Earnest Money into the Escrow Account;

- (e) the representations and warranties provided by Kong Sun Yongtai as at the date of the Second Agreement and the Second Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Second Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligation pursuant to the terms of the Second Agreement, the Purchaser will be entitled to: (1) terminate the Second Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) waive the conditions precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the Second Agreement and require damages in the maximum amount of approximately RMB5,140,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Second Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the Second Project Company.

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 past practices, and no encumbrances or other third party rights will be created with respect to the equity interest in the Second Project Company without the prior written consent of the Purchaser.

Termination of the Second Guarantee

Pursuant to the Second Agreement, by no later than ninety (90) days after completion of the Second Disposal, the Purchaser shall procure the release of the Second Guarantee by CDB Leasing. In the event that the Purchaser does not procure completion of the release of the Second Guarantee within ninety (90) days after completion of the Second Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Second Guarantee within ninety (90) days after completion of the Second Disposal, Kong Sun Yongtai shall have the right to rescind the Second Agreement, and seek for damages from the Purchaser in the amount of not more than RMB5,140,000 and the Purchaser shall bear all the costs and expenses in

connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Second Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Second Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Second Guarantee may not be ideal, the Directors consider that the Second Disposal and the Second Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Second Guarantee would also facilitate CDB Leasing to provide its consent regarding the Second Disposal, which is a condition precedent under the Second Agreement. Without the Second Guarantee, completion of the Second Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the CDB Leasing for the change in control of the Second Project Company and to get the consent from the CDB Leasing for the purpose of satisfaction of the condition precedent under the Second Agreement. In the worst case scenario where the Purchaser fails to procure release of the Second Guarantee within ninety (90) days after completion of the Second Disposal, Kong Sun Yongtai shall have the right to rescind the Second Agreement. On the above basis, the continuation of the Second Guarantee for a short period of time after completion of the Second Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(C) The Third Agreement

Subject matter

On 2 November 2021, 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 in favour of the Purchaser under the Third Agreement.

Consideration

The consideration for the Third Disposal is approximately RMB37,690,000, which shall be payable by the Purchaser to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB22,610,000, representing approximately 60.0% of the consideration for the Third Disposal, shall be paid into the Escrow Account before completion of the Third Disposal (the “**Third Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the Third Disposal;
- (ii) an amount of approximately RMB8,270,000, representing approximately 21.9% of the consideration for the Third Disposal, shall be paid to Kong Sun Yongtai within five (5) business days after completion of handover of certain deliverables relating to the Third Project Company; and

- (iii) within ten (10) business days upon each receipt of the Third Project Company of the state renewable energy subsidies receivable before the Reference Date, up to a total amount of approximately RMB6,810,000, representing approximately 18.1% of the consideration for the Third Disposal shall be paid to Kong Sun Yongtai.

Repayment of the Third Debts

As at the Reference Date, the Third Project Company had the outstanding Third Debts in the amount of approximately RMB81,807,000, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, which shall be payable by the Third Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB80,381,000, shall be settled by the Third Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,426,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of each of certain rectification works items of the Third Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the Third Disposal. The estimated cost of such rectification works items of the Third Project is approximately RMB1,426,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Third Disposal. In the event of any change of net assets value of the Third Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment. The Purchaser has the right to request compensation from Kong Sun Yongtai.

Default

If the Purchaser fails to pay the consideration for the Third Disposal pursuant to the terms of the Third Agreement or the Third Project Company fails to repay the Third Debts pursuant to the terms of the Third Agreement, Kong Sun Yongtai has the right to request the Purchaser and the Third Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the Third Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB3,769,000, representing approximately 10.00% of the consideration for the Third Disposal, and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai.

Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser

may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the Third Disposal;
- (b) the consent from China Financial Leasing in respect of the Third Disposal;
- (c) Kong Sun Yongtai, its related parties and the Third Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Third Project Company will be netted off;
- (d) the Purchaser having paid the Third Earnest Money into the Escrow Account;
- (e) the representations and warranties provided by Kong Sun Yongtai as at the date of the Third Agreement and the Third Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Third Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligation, pursuant to the terms of the Third Agreement, the Purchaser will be entitled to: (1) terminate the Third Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) waive the condition precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the Third Agreement and require damages in the maximum amount of approximately RMB3,769,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Third Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the Third Project Company.

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 past practices and, no encumbrances or other third party rights will be created with respect to the equity interest in the Third Project Company without the prior written consent of the Purchaser.

Termination of the Third Guarantee

Pursuant to the Third Agreement, by no later than ninety (90) days after completion of the Third Disposal, the Purchaser shall procure the release of the Third Guarantee by China Financial Leasing. In the event that the Purchaser does not procure completion of the release of the Third Guarantee within ninety (90) days after completion of the Third Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Third Guarantee within ninety (90) days after completion of the Third Disposal, Kong Sun Yongtai shall have the right to rescind the Third Agreement, and seek for damages from the Purchaser in the amount of not more than RMB3,769,000 and the Purchaser shall bear all the costs and expenses in connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Third Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Third Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Third Guarantee may not be ideal, the Directors consider that the Third Disposal and the Third Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Third Guarantee would also facilitate China Financial Leasing to provide its consent regarding the Third Disposal, which is a condition precedent under the Third Agreement. Without the Third Guarantee, completion of the Third Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the China Financial Leasing for the change in control of the Third Project Company and to get the consent from the China Financial Leasing for the purpose of satisfaction of the condition precedent under the Third Agreement. In the worst case scenario where the Purchaser fails to procure release of the Third Guarantee within ninety (90) days after completion of the Third Disposal, Kong Sun Yongtai shall have the right to rescind the Third Agreement. On the above basis, the continuation of the Third Guarantee for a short period of time after completion of the Third Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(D) The Fourth Agreement

Subject matter

On 2 November 2021, Xinjiang Chengshi, the Purchaser and the Fourth Project Company entered into the Fourth Agreement, pursuant to which Xinjiang Chengshi conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Fourth Sale Equity Interest. The Company agreed to guarantee the obligations of Xinjiang Chengshi in favour of the Purchaser under the Fourth Agreement.

Consideration

The consideration for the Fourth Disposal is approximately RMB27,520,000, which shall be payable by the Purchaser in cash in the following manner:

- (i) an amount of approximately RMB16,510,000, representing approximately 60.0% of the consideration for the Fourth Disposal, shall be paid into the Escrow Account before completion of the Fourth Disposal (the “**Fourth Earnest Money**”) and shall be transferred to Xinjiang Chengshi within five (5) business days after completion of the Fourth Disposal;
- (ii) an amount of approximately RMB4,380,000, representing approximately 15.9% of the consideration for the Fourth Disposal, shall be paid to Xinjiang Chengshi within five (5) business days after completion of handover of certain deliverables relating to the Fourth Project Company; and
- (iii) within ten (10) business days upon each receipt of the Fourth Project Company of the state renewable energy subsidies receivable before the Reference Date, up to a total amount of approximately RMB6,630,000, representing approximately 24.1% of the consideration for the Fourth Disposal shall be paid to Xinjiang Chengshi.

Repayment of the Fourth Debts

As at the Reference Date, the Fourth Project Company had the outstanding Fourth Debts in the amount of approximately RMB94,440,000. The Fourth Debts, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, shall be settled by the Fourth Project Company to Xinjiang Chengshi in cash in the following manner:

- (i) an amount of approximately RMB93,237,000, shall be settled by the Fourth Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,203,000, shall be paid to Xinjiang Chengshi within ten (10) business days upon completion of each of certain rectification works items of the Fourth Project by Xinjiang Chengshi required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the Fourth Disposal. The estimated cost of such rectification works items of the Fourth Project is approximately RMB1,203,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Fourth Disposal. In the event of any change of net assets value of the Fourth Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment.

Default

If the Purchaser fails to pay the consideration for the Fourth Disposal pursuant to the terms of the Fourth Agreement or the Fourth Project Company fails to repay the Fourth Debts pursuant to the terms of the Fourth Agreement, Xinjiang Chengshi has the right to request the Purchaser and the Fourth Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Xinjiang Chengshi will be entitled to terminate the Fourth Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB2,752,000, representing approximately 10.00% of the consideration for the Fourth Disposal and request the Purchaser to compensate for all losses incurred by Xinjiang Chengshi.

Xinjiang Chengshi will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Xinjiang Chengshi, Xinjiang Chengshi may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Xinjiang Chengshi obtained the necessary internal approvals for the Fourth Disposal and the Fourth Guarantee;
- (b) the consent from China Financial Leasing in respect of the Fourth Disposal;
- (c) Xinjiang Chengshi, its related parties and the Fourth Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Fourth Project Company will be netted off;
- (d) the Purchaser having paid the Fourth Earnest Money into the Escrow Account;
- (e) the representations and warranties provided by Xinjiang Chengshi as at the date of the Fourth Agreement and the Fourth Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Fourth Agreement.

Xinjiang Chengshi shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Xinjiang Chengshi fails to fulfil its obligation pursuant to the terms of the Fourth Agreement, the Purchaser will be entitled to: (1) terminate the Fourth Agreement; (2) negotiate with Xinjiang Chengshi to postpone the Long Stop Date; and (3) waive the conditions precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Xinjiang Chengshi may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Xinjiang Chengshi for the losses incurred; Xinjiang Chengshi has the right to terminate the Fourth Agreement and require damages in the maximum amount of approximately RMB2,752,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Fourth Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the Fourth Project Company.

During the Transition Period, Xinjiang Chengshi shall ensure that, among other things, the Fourth Project Company will continue its normal business operations in accordance with its past practices, and no encumbrances or other third party rights will be created with respect to the equity interest in the Fourth Project Company without the prior written consent of the Purchaser.

Termination of the Fourth Guarantee

Pursuant to the Fourth Agreement, by no later than ninety (90) days after the completion of the Fourth Disposal, the Purchaser shall procure the release of the Fourth Guarantee by China Financial Leasing. In the event that the Purchaser does not procure completion of the release of the Fourth Guarantee within ninety (90) days after completion of the Fourth Disposal, Xinjiang Chengshi shall have the right to seek for compensation for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Fourth Guarantee within ninety (90) days after completion of the Fourth Disposal, Xinjiang Chengshi shall have the right to rescind the Fourth Agreement, and seek for compensation for damages from the Purchaser in the maximum amount of RMB2,752,000 and the Purchaser shall bear all the costs and expenses in connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Fourth Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Fourth Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Fourth Guarantee may not be ideal, the Directors consider that the Fourth Disposal and the Fourth Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Fourth Guarantee would also facilitate China Financial Leasing to provide its consent regarding the Fourth Disposal, which is a condition precedent under the Fourth Agreement. Without the Fourth Guarantee, completion of the Fourth Disposal may be prolonged given it will take time for Xinjiang Chengshi and the Purchaser to explain to China Financial Leasing for the change in control of the Fourth Project Company and to get the consent from China Financial Leasing for the purpose of satisfaction of the condition precedent under the Fourth Agreement. In the worst case scenario where the Purchaser fails to procure release of the Fourth Guarantee within ninety (90) days after completion of the Fourth Disposal, Xinjiang Chengshi shall have the right to rescind the Fourth Agreement. On the above basis, the continuation of the Fourth Guarantee for a short period of time after completion of the Fourth Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(E) The Fifth Agreement

Subject matter

On 2 November 2021, Kong Sun Yongtai, the Purchaser and the Fifth Project Company entered into the Fifth Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Fifth Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai in favour of the Purchaser under the Fifth Agreement.

Consideration

The consideration for the Fifth Disposal is approximately RMB19,120,000, which shall be payable by the Purchaser to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB11,470,000, representing approximately 60.0% of the consideration for the Fifth Disposal, shall be paid into the Escrow Account before completion of the Fifth Disposal (the “**Fifth Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the Fifth Disposal;
- (ii) an amount of approximately RMB2,390,000, representing approximately 12.5% of the consideration for the Fifth Disposal, shall be paid within five (5) business days after completion of handover of certain deliverables relating to the Fifth Project Company; and
- (iii) within ten (10) business days upon each receipt of the Fifth Project Company of the state renewable energy subsidies receivable before the Reference Date, up to a total amount of approximately RMB5,260,000, representing approximately 27.5% of the consideration for the Fifth Disposal shall be paid to Kong Sun Yongtai.

Repayment of the Fifth Debts

As at the Reference Date, the Fifth Project Company had the outstanding Fifth Debts in the amount of approximately RMB93,242,000. The Fifth Debts, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, shall be settled by the Fifth Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB91,336,000, shall be settled by the Fifth Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,906,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of each of certain rectification works items of the Fifth Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the Fifth Disposal. The estimated cost of such rectification works items of the Fifth Project is approximately RMB1,906,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Fifth Disposal. In the event of any change of net assets value of the Fifth Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment.

Default

If the Purchaser fails to pay the consideration for the Fifth Disposal pursuant to the terms of the Fifth Agreement or the Fifth Project Company fails to repay the Fifth Debts pursuant to the terms of the Fifth Agreement, Kong Sun Yongtai has the right to request the Purchaser and the Fifth Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the Fifth Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB1,912,000, representing approximately 10.00% of the consideration for the Fifth Disposal and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai.

Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the Fifth Disposal;
- (b) the consent from China Financial Leasing in respect of the Fifth Disposal;
- (c) Kong Sun Yongtai, its related parties and the Fifth Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Fifth Project Company will be netted off;
- (d) the Purchaser having paid the Fifth Earnest Money into the Escrow Account;

- (e) the representations and warranties provided by the Purchaser as at the date of the Fifth Agreement and the Fifth Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Fifth Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligations pursuant to the terms of the Fifth Agreement, the Purchaser will be entitled to: (1) terminate the Fifth Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) waive the conditions precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the Fifth Agreement and require damages in the maximum amount of approximately RMB1,912,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Fifth Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the Fifth Project Company.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the Fifth Project Company will continue its normal business operations in accordance with its past practices and, no encumbrances or other third party rights will be created with respect to the equity interest in the Fifth Project Company without the prior written consent of the Purchaser.

Termination of the Fifth Guarantee

Pursuant to the Fifth Agreement, by no later than ninety (90) days after completion of the Fifth Disposal, the Purchaser shall procure the release of the Fifth Guarantee by China Financial Leasing. In the event that the Purchaser does not procure completion of the release of the Fifth Guarantee within ninety (90) days after completion of the Fifth Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Fifth Guarantee within ninety (90) days after completion of the Fifth Disposal, Kong Sun Yongtai shall have the right to rescind the Fifth Agreement, and seek for damages from the Purchaser in the amount of not more than RMB1,912,000 and the Purchaser shall bear all the costs and expenses in

connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Fifth Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Fifth Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Fifth Guarantee may not be ideal, the Directors consider that the Fifth Disposal and the Fifth Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Fifth Guarantee would also facilitate China Financial Leasing to provide its consent regarding the Fifth Disposal, which is a condition precedent under the Fifth Agreement. Without the Fifth Guarantee, completion of the Fifth Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the China Financial Leasing for the change in control of the Fifth Project Company and to get the consent from the China Financial Leasing for the purpose of satisfaction of the condition precedent under the Fifth Agreement. In the worst case scenario where the Purchaser fails to procure release of the Fifth Guarantee within ninety (90) days after completion of the Fifth Disposal, Kong Sun Yongtai shall have the right to rescind the Fifth Agreement. On the above basis, the continuation of the Fifth Guarantee for a short period of time after completion of the Fifth Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(F) The Sixth Agreement

Subject matter

On 2 November 2021, Kong Sun Yongtai, the Purchaser and the Sixth Project Company entered into the Sixth Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sixth Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai in favour of the Purchaser under the Sixth Agreement.

Consideration

The consideration for the Sixth Disposal is approximately RMB27,970,000, which shall be payable by the Purchaser in cash in the following manner:

- (i) an amount of approximately RMB16,780,000, representing approximately 60.0% of the consideration for the Sixth Disposal, shall be paid into the Escrow Account before completion of the Sixth Disposal (the “**Sixth Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the Sixth Disposal;

- (ii) an amount of approximately RMB5,790,000, representing approximately 20.7% of the consideration for the Sixth Disposal, shall be paid to Kong Sun Yongtai within five (5) business days after completion of handover of certain deliverables relating to the Sixth Project Company; and
- (iii) within ten (10) business days upon each receipt of the Sixth Project Company of the state renewable energy subsidies receivable before the Reference Date, up to a total amount of approximately RMB5,400,000, representing approximately 19.3% of the consideration for the Sixth Disposal shall be paid to Kong Sun Yongtai.

Repayment of the Sixth Debts

As at the Reference Date, the Sixth Project Company had the outstanding Sixth Debts in the amount of approximately RMB93,426,000. subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, which shall be payable by the Sixth Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB91,727,000, shall be settled by the Sixth Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,699,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of each of certain rectification works items of the Sixth Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be completed not later than within six (6) months after completion of the Sixth Disposal. The estimated cost of such rectification works items of the Sixth Project is approximately RMB1,699,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Sixth Disposal. In the event of any change of net assets value of the Sixth Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment. The Purchaser has the right to request compensation from Kong Sun Yongtai.

Default

If the Purchaser fails to pay the consideration for the Sixth Disposal pursuant to the terms of the Sixth Agreement or the Sixth Project Company fails to repay the Sixth Debts pursuant to the terms of the Sixth Agreement, Kong Sun Yongtai has the right to request the Purchaser and the Sixth Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the Sixth Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB2,797,000, representing approximately 10.00% of the consideration for the Sixth Disposal and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai.

Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction in accordance with the PRC law. If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

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

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the Sixth Disposal;
- (b) the consent from China Financial Leasing in respect of the Sixth Disposal;
- (c) Kong Sun Yongtai, its related parties and the Sixth Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Sixth Project Company will be netted off;
- (d) the Purchaser having paid the Sixth Earnest Money into the Escrow Account;
- (e) the representations and warranties provided by Kong Sun Yongtai as at the date of the Sixth Agreement and the Sixth Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Sixth Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligation pursuant to the terms of the Sixth Agreement, the Purchaser will be entitled to: (1) terminate the Sixth Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) waive the conditions precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the Sixth Agreement and require damages in the maximum amount of approximately RMB2,797,000 if the Purchaser has not satisfied such condition precedent during the grace period.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Sixth Project Company during the Transition Period, subject to consideration adjustment as a result of matters occurred not in the ordinary course of business during the Transition Period, shall be borne by the Sixth Project Company.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the Sixth Project Company will continue its normal business operations in accordance with its past practices, and no encumbrances or other third party rights will be created with respect to the equity interest in the Sixth Project Company without the prior written consent of the Purchaser.

Termination of the Sixth Guarantee

Pursuant to the Sixth Agreement, by no later than ninety (90) days after completion of the Sixth Disposal, the Purchaser shall procure the release of the Sixth Guarantee by China Financial Leasing. In the event that the Purchaser does not procure completion of the release of the Sixth Guarantee within ninety (90) days after completion of the Sixth Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Sixth Guarantee within ninety (90) days after completion of the Sixth Disposal, Kong Sun Yongtai shall have the right to rescind the Sixth Agreement, and seek for damages from the Purchaser in the amount of not more than RMB2,797,000 and the Purchaser shall bear all the costs and expenses in connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Sixth Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Sixth Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Sixth Guarantee may not be ideal, the Directors consider that the Sixth Disposal and the Sixth Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Sixth Guarantee would also facilitate China Financial Leasing to provide its consent regarding the Sixth Disposal, which is a condition precedent under the Sixth Agreement. Without the Sixth Guarantee, completion of the Sixth Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the China Financial Leasing for the change in control of the Sixth Project Company and to get the consent from the China Financial Leasing for the purpose of satisfaction of the condition precedent under the Sixth Agreement. In the worst case scenario where the Purchaser fails to procure release of the Sixth Guarantee within ninety (90) days after completion of the Sixth Disposal, Kong Sun Yongtai shall have the right to rescind the Sixth Agreement. On the above basis, the continuation of the Sixth Guarantee for a short period of time after completion of the Sixth Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

(G) The Seventh Agreement

Subject matter

On 2 November 2021, Kong Sun Yongtai, the Purchaser and the Seventh Project Company entered into the Seventh Agreement, pursuant to which Kong Sun Yongtai conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Seventh Sale Equity Interest. The Company agreed to guarantee the obligations of Kong Sun Yongtai in favour of the Purchaser under the Seventh Agreement.

Consideration

The consideration for the Seventh Disposal is approximately RMB42,070,000, which shall be payable by the Purchaser in cash in the following manner:

- (i) an amount of approximately RMB25,240,000, representing approximately 60.0% of the consideration for the Seventh Disposal, shall be paid into the Escrow Account before completion of the Seventh Disposal (the “**Seventh Earnest Money**”) and shall be transferred to Kong Sun Yongtai within five (5) business days after completion of the Seventh Disposal;
- (ii) an amount of approximately RMB9,380,000, representing approximately 22.3% of the consideration for the Seventh Disposal, shall be paid to Kong Sun Yongtai within five (5) business days after completion of handover of certain deliverables relating to the Seventh Project Company; and
- (iii) within ten (10) business days upon each receipt of the Seventh Project Company of the state renewable energy subsidies receivable before the Reference Date, an amount equal to the amount of the subsidy receipt, up to a total amount of approximately RMB7,450,000, representing approximately 17.7% of the consideration for the Seventh Disposal shall be paid to Kong Sun Yongtai.

Repayment of the Seventh Debts

As at the Reference Date, the Seventh Project Company had the outstanding Seventh Debts in the amount of approximately RMB98,047,000. The Seventh Debts, subject to adjustment for any net increase or decrease thereof during the Transition Period as determined under the Transition Period Audit, shall be settled by the Seventh Project Company to Kong Sun Yongtai in cash in the following manner:

- (i) an amount of approximately RMB96,461,000, shall be settled by the Seventh Project Company within five (5) business days after completion of the Transition Period Audit; and
- (ii) a corresponding amount up to a total amount of up to approximately RMB1,586,000, shall be paid to Kong Sun Yongtai within ten (10) business days upon completion of each of certain rectification works items of the Seventh Project by Kong Sun Yongtai required by the Purchaser. The rectification works shall be

completed not later than within six (6) months after completion of the Seventh Disposal. The estimated cost of such rectification works items of the Seventh Project is approximately RMB1,586,000.

The Transition Period Audit report will be issued within fifteen (15) business days of completion of the Seventh Disposal. In the event of any change of net assets value of the Seventh Project Company as a result of matters occurred not in the ordinary course of business during the Transition Period, such change will be considered as a consideration adjustment.

Default

If the Purchaser fails to pay the consideration for the Seventh Disposal pursuant to the terms of the Seventh Agreement or the Seventh Project Company fails to repay the Seventh Debts pursuant to the terms of the Seventh Agreement, Kong Sun Yongtai has the right to request the Purchaser and the Seventh Project Company to pay to it a default payment, which is calculated based on the relevant unpaid amounts due and a penalty at 0.05% of the relevant amounts due on a daily basis. If the default continues for more than thirty (30) calendar days from the relevant due date, Kong Sun Yongtai will be entitled to terminate the Seventh Agreement, refund all the payments made by the Purchaser after deducting a default payment in the maximum amount of approximately RMB4,207,000, representing approximately 10.00% of the consideration for the Seventh Disposal and request the Purchaser to compensate for all losses incurred by Kong Sun Yongtai. Kong Sun Yongtai will also be entitled to commence litigation against the Purchaser in the PRC court with competent jurisdiction and claim restitution in accordance with the PRC law.

If the Purchaser refuses to perform the court decision in favour of Kong Sun Yongtai, Kong Sun Yongtai may seek enforcement by the court. Under this circumstance, the Purchaser may be added into 失信執行人名錄 (the List of Untrustworthy Executors*) (an effective enforcement machinery in the PRC), which may have a material adverse effect on the assessment of the Purchaser's credit rating and reputation. Taking into consideration of the general market practice in the solar industry as well as the background of the Purchaser, the Directors are of the view that the settlement and completion mechanism is sufficient to safeguard the Company's right to receive the full consideration and the possibility of the Purchaser would not honour its contractual commitment is relatively low.

Conditions Precedent

Completion of the Seventh Disposal is subject to the satisfaction of the following conditions precedent:

- (a) Kong Sun Yongtai obtained the necessary internal approvals for the Seventh Disposal;
- (b) the consent from China Financial Leasing in respect of the Seventh Disposal;

- (c) Kong Sun Yongtai, its related parties and the Seventh Project Company having agreed and completed the debt restructuring under which, the inter-company debts of the Seventh Project Company will be netted off;
- (d) the Purchaser having paid the Seventh Earnest Money into the Escrow Account;
- (e) the representations and warranties provided by the Purchaser as at the date of the Seventh Agreement and the Seventh Completion Date being true, complete and accurate in all material respects; and
- (f) the Purchaser having completed the filing of valuation report within sixty (60) business days of the date of the Seventh Agreement.

Kong Sun Yongtai shall use its best efforts to procure satisfaction of the conditions precedent (a) and (e) on or before the Long Stop Date. If Kong Sun Yongtai fails to fulfil its obligation pursuant to the terms of the Seventh Agreement, the Purchaser will be entitled to: (1) terminate the Seventh Agreement; (2) negotiate with Kong Sun Yongtai to postpone the Long Stop Date; and (3) exempt the conditions precedent (e).

In the event that the Purchaser fails to satisfy the condition precedent (f), Kong Sun Yongtai may give the Purchaser a grace period of fifteen (15) business days and require the Purchaser to compensate Kong Sun Yongtai for the losses incurred; Kong Sun Yongtai has the right to terminate the Seventh Agreement and require damages in the maximum amount of approximately RMB4,207,000 if the Purchaser has not satisfied such condition precedent during the grace period.

Arrangements during the Transition Period

Any profits generated and any losses incurred and any changes to the net assets of the Seventh Project Company during the Transition Period, subject to the consideration adjustment as a result of matters occurred not in the ordinary course of business during Transition Period, shall be borne by the Seventh Project Company.

During the Transition Period, Kong Sun Yongtai shall ensure that, among other things, the Seventh Project Company will continue its normal business operations in accordance with its past practices, no encumbrances or other third party rights will be created with respect to the equity interest in the Seventh Project Company without the prior written consent of the Purchaser.

As at the date of this announcement, except item (a), none of the above conditions precedent has been satisfied.

Termination of the Seventh Guarantee

Pursuant to the Seventh Agreement, by no later than ninety (90) days after completion of the Seventh Disposal, the Purchaser shall procure the release of the Seventh Guarantee by China Financial Leasing. In the event that the Purchaser does not procure completion of the release of the Seventh Guarantee within ninety (90) days after completion of the Seventh Disposal, Kong Sun Yongtai shall have the right to seek for damages from the Purchaser and default penalty incurred thereunder calculated at a

daily percentage rate of 0.05% based on the principal of guarantee amount. If the Purchaser fails to procure completion of the release of the Seventh Guarantee within ninety (90) days after completion of the Seventh Disposal, Kong Sun Yongtai shall have the right to rescind the Seventh Agreement, and seek for damages from the Purchaser in the amount of not more than RMB4,207,000 and the Purchaser shall bear all the costs and expenses in connection with the transactions contemplated thereunder. The Company will then make assessment on the possible implications under the Listing Rules and make further disclosure as and when appropriate to comply with it.

The continuation of the Seventh Guarantee was agreed after an arm's length negotiation between the parties and was one of the key commercial terms for the Purchaser to agree to the transactions contemplated under the Seventh Agreement. In view of the financial stress that the Group is encountering though the terms and conditions of the Seventh Guarantee may not be ideal, the Directors consider that the Seventh Disposal and the Seventh Guarantee are still the best available option under the circumstances for the Company to cut losses and streamline its operation at an appropriate timing. The Seventh Guarantee would also facilitate China Financial Leasing to provide its consent regarding the Seventh Disposal, which is a condition precedent under the Seventh Agreement. Without the Seventh Guarantee, completion of the Seventh Disposal may be prolonged given it will take time for Kong Sun Yongtai and the Purchaser to explain to the China Financial Leasing for the change in control of the Seventh Project Company and to get the consent from the China Financial Leasing for the purpose of satisfaction of the condition precedent under the Seventh Agreement. In the worst case scenario where the Purchaser fails to procure release of the Seventh Guarantee within ninety (90) days after completion of the Seventh Disposal, Kong Sun Yongtai shall have the right to rescind the Seventh Agreement. On the above basis, the continuation of the Seventh Guarantee for a short period of time after completion of the Seventh Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

BASIS OF THE CONSIDERATION FOR THE DISPOSALS

The consideration for the Disposals was determined upon arm's length negotiations between the parties with reference to (i) the unaudited net assets of the Project Companies as at 31 August 2021, in the amount approximately RMB337,553,000, and adjusted by applying a discount of approximately 28.3% (i.e. RMB95,423,000), resulting in the amount approximately RMB242,130,000; (ii) the gearing position of the Project Companies as at 31 August 2021; and (iii) the valuation of the Project Companies as at 31 August 2021 in the amount of approximately RMB238,805,000 appraised by an independent valuer, representing a discount of approximately 1.4%.

In determining the discount to be applied to the net asset value of the Project Companies for the determination of the consideration for the Disposals, the Directors took into consideration 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 Project Companies recorded a significant amount of accounts receivables, being the state renewable energy subsidies to be received, of approximately RMB428,955,000 as at the Reference Date, the receipt of which depends on the decision of the relevant government authority;
- (iii) the Group is expected to save an annual finance costs of approximately RMB72,000,000 upon completion of the Disposals; and
- (iv) the consideration is close to the valuation amount of the Project Companies (i.e. approximately RMB238,805,000) as appraised by an independent valuer.

It is the usual practice in the industry and in previous disposals of the Company for having a portion of consideration to be held in an escrow account before the completion of the relevant disposal. With approximately RMB145,270,000, representing approximately 60.0% of the consideration for the Disposals being kept in the Escrow Account jointly controlled by the relevant vendor and the Purchaser, this arrangement is under normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders.

COMPLETION OF THE DISPOSALS

As at the date of this announcement, the Project Companies are subsidiaries of the Company.

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 administration 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 date of this announcement, the First Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the First Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(581)	(2,177)
Net loss after tax	(581)	(2,177)

The unaudited net asset value of the First Project Company as at 31 August 2021 was approximately RMB47,498,000.

(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 date of this announcement, the Second Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the Second Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	3,363	408
Net profit after tax	3,250	375

The unaudited net asset value of the Second Project Company as at 31 August 2021 was approximately RMB56,924,000.

(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 date of this announcement, the Third Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the Third Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	637	341
Net profit after tax	637	319

The unaudited net asset value of the Third Project Company as at 31 August 2021 was approximately RMB43,350,000.

(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 date of this announcement, the Fourth Project Company is a direct wholly-owned subsidiary of Xinjiang Chengshi.

The unaudited financial results of the Fourth Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(1,087)	(1,898)
Net loss after tax	(1,087)	(1,898)

The unaudited net asset value of the Fourth Project Company as at 31 August 2021 was approximately RMB47,437,000.

(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 date of this announcement, the Fifth Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the Fifth Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(3,643)	(3,490)
Net loss after tax	(3,643)	(3,490)

The unaudited net asset value of the Fifth Project Company as at 31 August 2021 was approximately RMB39,988,000.

(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 date of this announcement, the Sixth Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the Sixth Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(3,297)	(1,621)
Net loss after tax	(3,297)	(1,621)

The unaudited net asset value of the Sixth Project Company as at 31 August 2021 was approximately RMB49,394,000.

(G) The Seventh Project Company

The Seventh Project Company is a company established in the PRC with limited liability. It is principally engaged in solar power generation. As at the date of this announcement, the Seventh Project Company is a direct wholly-owned subsidiary of Kong Sun Yongtai.

The unaudited financial results of the Seventh Project Company for the two years immediately preceding the date of this announcement are as follows:

	For the year ended	
	31 December	
	2019	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	3,226	635
Net profit after tax	3,226	635

The unaudited net asset value of the Seventh Project Company as at 31 August 2021 was approximately RMB52,962,000.

INFORMATION ON THE PARTIES

Kong Sun Yongtai

Kong Sun Yongtai 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 date of this announcement, the Project Companies (except the Fourth Project Company) are direct wholly-owned subsidiaries of Kong Sun Yongtai.

Xinjiang Chengshi

Xinjiang Chengshi 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 date of this announcement, the Fourth Project Company is a direct wholly-owned subsidiary of Xinjiang Chengshi.

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, trading of liquefied natural gas and asset management.

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 date of this announcement, the Purchaser is owned as to 66.75 % by Xinhua Hydropower Company Limited (新華水力發電) (“**Xinhua Hydropower**”) and 33.25 % by CCB Financial Asset Investment Co., Ltd. (“**CCB Financial**”). Xinhua Hydropower is owned as to 55% by China National Nuclear Corporation (“**China Nuclear**”) and 45% by Xinhua Water Resources Holding Group Corporation Ltd. (“**Xinhua Water Resources**”). China Nuclear is wholly owned by the SASAC. Xinhua Water Resources is wholly owned by Bureau of Comprehensive Development Ministry of Water Resources.

CCB Financial is wholly owned by China Construction Bank Corporation, a listed company in Mainland China and Hong Kong (A share stock code: 601939; H share stock code : 00939).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner 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.

Upon completion of the Disposals, the Company will continue to have 17 completed solar power plants with a total installed capacity of 529.8 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 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 Company may consider further disposal(s) when it considers beneficial to the Company and the Shareholders as a whole in future.

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

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 date of this announcement, each of the Project Companies is an indirect wholly-owned subsidiary of the Company. With effect from completion of the Disposal Agreements, the Project Companies will cease to be subsidiaries of the Company and the assets and liabilities and results of operation of the Project Companies will cease to be consolidated in the financial statements of the Company.

Subject to final audit, it is expected that the Group will realise a net loss on the Disposals of not more than approximately RMB96,500,000, which is calculated by reference to the difference between (i) the consideration for the Disposals and net asset value of the Project Companies and its goodwill of approximately RMB337,553,000 and RMB23,000, respectively as at 31 August 2021 and (ii) the related transaction costs, taxes and expenses of the Disposals. Despite the net loss on the Disposals, having taking into consideration of 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 after deducting the taxation and transaction costs are estimated to be approximately RMB861,000,000. The Group intends to apply the net proceeds from the Disposals to repay its existing indebtedness.

LISTING RULES IMPLICATIONS

The Disposals

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregation basis, are more than 5% but all of them are lower than 25%, the transactions contemplated under the Disposal Agreements constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Guarantees is 5% or more but all of them are lower than 25%, these Guarantees constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“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)
“certain deliverables”	deliverable items including but not limited to the company seal, licenses, financial information, contract information, various equipment and facilities
“China Financial Leasing”	中國金融租賃有限公司 (China 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
“Deposits”	the First Deposit, the Second Deposit, the Third Deposit, the Fourth Deposit, the Fifth Deposit, the Sixth Deposit and the Seventh Deposit
“Director(s)”	director(s) of the Company
“Disposal Agreements”	the First Agreement, the Second Agreement, the Third Agreement, the Fourth Agreement, the Fifth Agreement, the Sixth Agreement and the Seventh Agreement (each, a “ Disposal Agreement ”)
“Disposals”	the First Disposal, the Second Disposal, the Third Disposal, the Fourth Disposal, the Fifth Disposal, the Sixth Disposal and the Seventh Disposal
“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 deposit pursuant to the terms of such Disposal Agreement

“Fifth Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among the Purchaser, Kong Sun Yongtai 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 from Kong Sun Yongtai to the Purchaser
“Fifth Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the Fifth Project Company to Kong Sun Yongtai and their related parties
“Fifth Disposal”	the disposal of the Fifth Sale Equity Interest
“Fifth Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB55,594,000 due by the Fifth Project Company to China Financial Leasing
“Fifth Project”	a 20 MW solar power plant owned by the Fifth Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Fifth Project Company”	麥蓋提力諾太陽能電力有限公司 (Maigaiti Linuo Solar Power Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Fifth Sale Equity Interest”	the entire equity interests of the Fifth Project Company
“First Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among the Purchaser, Kong Sun Yongtai 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 from Kong Sun Yongtai to the Purchaser
“First Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the First Project Company to Kong Sun Yongtai and its related parties
“First Disposal”	the disposal of the First Sale Equity Interest
“First Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB53,052,000 due by the First Project Company to CDB Leasing

“First Project”	a 20 MW solar power plant owned by the First Project Company in Xinjiang Uygur Autonomous Region, the PRC
“First Project Company”	烏什縣華陽偉業太陽能科技有限公司 (Wushi Huayangweiye Solar Technology Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“First Sale Equity Interest”	the entire equity interests of the First Project Company
“Fourth Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among the Purchaser, Xinjiang Chengshi 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 from Xinjiang Chengshi to the Purchaser
“Fourth Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the Fourth Project Company to Xinjiang Chengshi and its related parties
“Fourth Disposal”	the disposal of the Fourth Sale Equity Interest
“Fourth Guarantee”	the guarantee provided by Xinjiang Chengshi and its related companies for securing the existing indebtedness in the amount of approximately RMB63,389,000 due by the Fourth Project Company to China Financial Leasing
“Fourth Project”	a 20 MW solar power plant owned by the Fourth Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Fourth Project Company”	柯坪天華新能源電力有限公司 (Keping Tianhua New Energy Electricity Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Fourth Sale Equity Interest”	the entire equity interests of the Fourth Project Company
“Group”	the Company and its subsidiaries
“Guarantees”	the First Guarantee, the Second Guarantee, the Third Guarantee, the Fourth Guarantee, the Fifth Guarantee, the Sixth Guarantee and the Seventh Guarantee, in any event in the total maximum guarantee amount of approximately RMB242,130,000 (equivalent to the consideration for the Disposals)

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2022
“MW”	mega watts
“PRC”	the People’s Republic of China
“Project Companies”	the First Project Company, the Second Project Company, the Third Project Company, the Fourth Project Company, the Fifth Project Company, the Sixth Project Company and the Seventh 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”	30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	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)
“Second Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among Kong Sun Yongtai, the Purchaser 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 from Kong Sun Yongtai to the Purchaser
“Second Debts”	the outstanding loans, advances, interests (if any) and other sums used by the Second Project Company to Kong Sun Yongtai and its related parties
“Second Disposal”	the disposal of the Second Sale Equity Interest

“Second Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB53,231,000 due by the Second Project Company to CDB Leasing
“Second Project”	a 20 MW solar power plant owned by the Second Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Second Project Company”	庫車天華新能源電力有限公司 (Kuche Tianhua New Energy Electric Power Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Second Sale Equity Interest”	the entire equity interests of the Second Project Company
“Seventh Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among the Purchaser, Kong Sun Yongtai and the Seventh Project Company in relation to the Seventh Disposal
“Seventh Completion Date”	the date of issuing the new business license of the Seventh Project Company in respect of the transfer of the Seventh Sale Equity Interest from Kong Sun Yongtai to the Purchaser
“Seventh Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the Seventh Project Company to Kong Sun Yongtai and its related parties
“Seventh Disposal”	the disposal of the Seventh Sale Equity Interest
“Seventh Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB63,389,000 due by the Seventh Project Company to China Financial Leasing
“Seventh Project”	a 20 MW solar power plant owned by the Seventh Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Seventh Project Company”	喀什國新電力有限公司 (Kashi Guoxin New Power Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Seventh Sale Equity Interest”	the entire equity interests of the Seventh Project Company
“Share(s)”	ordinary shares of the Company

“Shareholders”	holders of the Shares
“Sixth Agreement”	the equity transfer agreement dated 2 November 2021 entered into by and among the Purchaser, Kong Sun Yongtai 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 from Kong Sun Yongtai to the Purchaser
“Sixth Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the Sixth Project Company to Kong Sun Yongtai and its related parties
“Sixth Disposal”	the disposal of the Sixth Sale Equity Interest
“Sixth Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB52,850,000 due by the Sixth Project Company to China Financial Leasing
“Sixth Project”	a 20 MW solar power plant owned by the Sixth Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Sixth Project Company”	英吉沙縣天華偉業太陽能科技有限公司 (Yingjisha Tianhuaweiye Solar Technology Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Sixth Sale Equity Interest”	the entire equity interests of the Sixth Project Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Agreement”	the equity transfer agreement dated 2 November 2021 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 from Kong Sun Yongtai to the Purchaser
“Third Debts”	the outstanding loans, advances, interests (if any) and other sums owed by the Third Project Company to Kong Sun Yongtai and its related parties
“Third Disposal”	the disposal of the Third Sale Equity Interest

“Third Guarantee”	the guarantee provided by Kong Sun Yongtai and its related companies for securing the existing indebtedness in the amount of approximately RMB65,893,000 due by the Third Project Company to CDB Leasing
“Third Project”	a 20 MW solar power plant owned by the Third Project Company in Xinjiang Uygur Autonomous Region, the PRC
“Third Project Company”	麥蓋提縣恒基偉業光伏電力有限公司 (Maigaiti Hengji Weiye Photovoltaic Power Limited*), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement
“Third Sale Equity Interest”	the entire equity interests of the Third Project 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
“Xinjiang Chengshi”	新疆誠石易盛商貿有限公司 (Xinjiang Chengshi Yisheng Trading Co., Ltd.), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board
Kong Sun Holdings Limited
Mr. Jin Yanbing
Executive Director

Hong Kong, 2 November 2021

As of the date of this announcement, the Board comprises two executive Directors, Mr. Jin Yanbing and Mr. Qin Hongfu, one non-executive Director, Mr. Jiang Hengwen, and three independent non-executive Directors, Mr. Lang Wangkai, Ms. Wu Wennan and Mr. Xu Xiang.

* For identification purposes only