

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The unaudited pro forma financial information of the Group (the “Unaudited Pro Forma Financial Information”) presented below is prepared to illustrate (a) the financial position of the Group as if the Finance Lease Arrangements had been completed on 30 June 2024; and (b) the results of the Group for the year ended 31 December 2023 as if the Finance Lease Arrangements had been completed on 1 January 2023. This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not purport to present the true picture of (i) the financial position of the Group as at 30 June 2024 or at any future date had the Finance Lease Arrangements been completed on 30 June 2024; or (ii) the results of the Group for the year ended 31 December 2023 or for any future period had the Finance Lease Arrangements been completed on 1 January 2023.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim report of the Company as of 30 June 2024 and consolidated statement of profit or loss of the Group for the year ended 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023, after giving effect to the pro forma adjustments described in the notes to the Unaudited Pro Forma Financial Information that are directly attributable to the Finance Lease Arrangements and factually supportable. The Unaudited Pro Forma Financial Information is prepared in accordance with Rules 4.29 and 14.68(2)(b)(i) of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company as of 30 June 2024 and annual report of the Company for the year ended 31 December 2023 and other financial information included elsewhere in this circular.

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

	Consolidated statement of financial position of the Group as at 30 June 2024	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2024
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000
Non-current assets			
Property, plant and equipment	29,136	-	29,136
Solar power plants	909,626	-	909,626
Interests in associates	225,722	-	225,722
Interests in joint ventures	175,674	-	175,674
Right-of-use assets	101,809	-	101,809
Financial assets measured at fair value through other comprehensive income	575,333	-	575,333
Intangible assets	14,537	-	14,537
Trade receivables	274,404	-	274,404
Deferred tax assets	13,466	-	13,466
Loans to an associate	124,892	-	124,892
	<u>2,444,599</u>	<u>-</u>	<u>2,444,599</u>
Current assets			
Inventories	17,039	-	17,039
Trade and other receivables	1,532,034	-	1,532,034
Loans to an associate	5,670	-	5,670
Cash and cash equivalents	69,708	94,718	164,426
	<u>1,624,451</u>	<u>94,718</u>	<u>1,719,169</u>
Assets of disposal groups classified as held for sale	1,290,951	89,732	1,380,683
Total current assets	<u>2,915,402</u>	<u>184,450</u>	<u>3,099,852</u>
Current liabilities			
Trade and other payables	626,997	-	626,997
Lease liabilities	30,508	-	30,508
Loans and borrowings	1,013,352	5,996	1,019,348
Loans from an associate	26,100	-	26,100
Corporate bonds	9,127	-	9,127
Tax payable	5,536	-	5,536
	<u>1,711,620</u>	<u>5,996</u>	<u>1,717,616</u>
Liabilities of disposal groups classified as held for sale	277,488	89,732	367,220
Total current liabilities	<u>1,989,108</u>	<u>95,728</u>	<u>2,084,836</u>
Net current assets	<u>926,294</u>	<u>88,722</u>	<u>1,015,016</u>
Total assets less current liabilities	<u>3,370,893</u>	<u>88,722</u>	<u>3,459,615</u>

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group - Continued

	Consolidated statement of financial position of the Group as at 30 June 2024	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2024
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000
Non-current liabilities			
Lease liabilities	89,042	-	89,042
Loans and borrowings	518,911	88,722	607,633
Corporate bonds	7,482	-	7,482
	<hr/>	<hr/>	<hr/>
	615,435	88,722	704,157
	<hr/>	<hr/>	<hr/>
Net assets	2,755,458	-	2,755,458
	<hr/>	<hr/>	<hr/>

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

	Consolidated statement of profit or loss of the Group for the year ended 31 December 2023	Pro forma adjustments	Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 3))	RMB'000
Revenue	474,793	-	474,793
Cost of sales	(255,145)	-	(255,145)
Gross profit	219,648	-	219,648
Other gains, net	30,295	-	30,295
Administrative expenses	(193,473)	-	(193,473)
Losses on disposal of subsidiaries, net	(33,770)	-	(33,770)
Impairment losses on a disposal group classified as held for sale	(61,444)	-	(61,444)
Impairment losses on trade and other receivables, net	(156,276)	-	(156,276)
Impairment loss on loans to an associate	(684)	-	(684)
Finance costs	(164,240)	(10,066)	(174,306)
Impairment loss on interest in a joint venture	(6,780)	-	(6,780)
Impairment loss on goodwill	(4,019)	-	(4,019)
Share of profits of associates	44,903	-	44,903
Share of profits of joint ventures	11,818	-	11,818
Loss before income tax	(314,022)	(10,066)	(324,088)
Income tax expense	(14,627)	-	(14,627)
Loss for the year	(328,649)	(10,066)	(338,715)
Loss for the year attributable to:			
Owners of the Company	(335,800)	(10,066)	(345,866)
Non-controlling interests	7,151	-	7,151
	(328,649)	(10,066)	(338,715)

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

- 1) The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim report of the Company for the six months ended 30 June 2024 and audited consolidated statement of profit or loss of the Group for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
- 2) The adjustment reflects the cash proceeds received of RMB185,000,000 less the transaction costs of RMB550,000 that are directly attributable and the related liabilities arise as if the Finance Lease Arrangements had been completed on 30 June 2024 as follow:

	Notes	RMB'000
Cash proceeds received attributable to:		
- Feixi Zhonghui		95,000
- Huangshi Huangyuan	(a)	<u>90,000</u>
		<u>185,000</u>
Liabilities attributable to:		
- Feixi Zhonghui		
- current portion	(b)	5,996
- non-current portion	(b)	<u>88,722</u>
	(c)	94,718
- Huangshi Huangyuan	(a), (c)	<u>89,732</u>
		<u>185,000</u>
Transaction costs attributable to:		
- Feixi Zhonghui		282
- Huangshi Huangyuan		<u>268</u>
	(c)	<u>550</u>

- (a) Assets and liabilities of Huangshi Huangyuan is presented as disposal group classified as held for sale as at 31 December 2023 following the sale and purchase agreements dated 11 August 2023 entered into between the Group and the purchaser which is an independent third party. Accordingly, the cash proceeds received net of transaction cost and related liabilities arise are recognised as “assets of disposal groups classified as held for sale” under current assets and “liabilities of disposal groups classified as held for sale” under current liabilities respectively.
 - (b) Liabilities attributable to Feixi Zhonghui is classified under current and non-current liabilities according to the repayment schedule stated in the Amended and Restated Finance Lease Arrangement III entered into by Feixi Zhonghui and Hebei Financial Leasing.
 - (c) The amount represents the transaction costs directly attributable to the Finance Lease Arrangements, such as fee incurred for legal and professional service and valuation service, amounting to approximately RMB550,000 and assumed to be fully settled by cash on completion of Finance Lease Arrangements. The amount is proportionate between the Amended and Restated Finance Lease Arrangement II and the Amended and Restated Finance Lease Arrangement III based on the cash proceeds received and deducted from the related liabilities upon their initial recognition.
- 3) The amount represents the finance cost incurred for the year under effective interest method amounting to approximately RMB10,066,000 calculated based on the terms stated in the Amended and Restated Finance Lease Arrangement III entered into by Feixi Zhonghui and Amended and Restated Finance Lease Arrangement II entered into by Huangshi Huangyuan and Hebei Financial Leasing respectively as if the Finance Lease Arrangements had been completed on 1 January 2023.

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

- 4) The directors of the Company consider the tax effects of adjustments is immaterial.
- 5) Apart from the notes above, no adjustment has been made to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2024 for the purpose of the preparation of the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2024 and no adjustment has been made to reflect any trading or other transactions of the Group entered into subsequent to 1 January 2023 for the purpose of the preparation of the unaudited pro forma consolidated statement of profit or loss of the Group for the year ended 31 December 2023.

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

TO THE DIRECTORS OF KONG SUN HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kong Sun Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023 and related notes as set out on pages III-1 to III-6 of Appendix III of the circular dated 21 October 2024 (the "Circular") in connection to the finance lease arrangements held by Huangshi Huangyuan Photovoltaic Power Development Limited and Feixi Zhonghui Photovoltaic Power Limited (collectively, the "Finance Lease Arrangements"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages III-1 to III-6 of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Finance Lease Arrangements on the Group's financial position as at 30 June 2024 and the Group's financial performance for the year ended 31 December 2023 as if the Finance Lease Arrangements had taken place at 30 June 2024 and 1 January 2023, respectively. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors of the Company from the Company's consolidated financial statements for the year ended 30 June 2024 and 31 December 2023 respectively, on which an interim report of the Company for the six months ended 30 June 2024 and an annual report of the Group for the year ended 31 December 2023 have been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

PROFESSIONAL ETHICS AND QUALITY MANAGEMENT

We have complied with the ethical requirements of the HKICPA's Code of Ethics for Professional Accountants (the "Code") and the independence requirements in Part 4A, Chapter A of the Code.

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES

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

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

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

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Finance Lease Arrangements as at 30 June 2024 or 1 January 2023 would have been as presented.

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

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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



OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

A handwritten signature in black ink, appearing to be 'BDO BIA'.

BDO Limited
Certified Public Accountants
Hong Kong
21 October 2024