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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

DISCLOSEABLE TRANSACTION

The Acquisition

On 7 July 2014, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Seller and the Project Company pursuant to which the Purchaser has agreed to acquire the entire equity interest of the Project Company at the consideration of RMB204,000,000 (equivalent to approximately HK\$255,000,000).

The Project Company is engaged in the development of a 300 MW photovoltaic power plant in Shaanxi Province, the PRC.

Implication under the Listing Rules

As the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Agreement are over 5% but below 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Agreement

Date

7 July 2014 (after trading hours)

Parties

- (1) the Company;
- (2) the Purchaser, a wholly owned subsidiary of the Company which is principally engaged in the business of investment holding;
- (3) the Seller; and
- (4) the Project Company

The Seller is a wholly-owned subsidiary of BYD Company Limited which is principally engaged in the research and development of automobile. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Seller, and its beneficial owner is independent of and not connected with the Company and its connected persons.

Subject matter

The Purchaser has agreed to acquire the entire equity interest of the Project Company.

Consideration

The consideration for the Acquisition is RMB204,000,000 (equivalent to approximately HK\$255,000,000). The consideration was determined after arm's length negotiations between the parties with reference to the designed generation capacity of the power plant.

Conditions precedent

Completion of the Acquisition is conditional upon:

- (a) the parties having obtained the necessary approvals, consents and authorizations for the execution of the Agreement and that the execution of the Agreement is not in breach of any laws or regulations, articles or association or contract that the respective parties are subject to;

- (b) the undertakings and warranties provided by the Seller under the Agreement remaining true and correct and there does not exist any false record, misleading representation or material omissions;
- (c) the Seller having provided to the Purchaser the following documents: (i) shareholders and board resolutions approving the transfer of the Project Company; (ii) the registration certificate of the Project Company; and (iii) any other documents as agreed between the parties; and
- (d) there has not been any change in the operation and financial conditions or assets that has a material adverse effect on the Project Company, and there does not exist any administrative proceeding, lawsuit, arbitration proceeding or disputes in relation to the Agreement or the transactions contemplated thereunder or the operation of the Project Company.

The Investors and the Consultants have consented to the Company entering into the Agreement.

Other terms

Transfer of rights to the Project Company

The parties agreed that the effective date for the transfer of rights to the Project Company is 30 June 2014. The Purchaser would assume all rights and obligations to the Project Company with effect from 30 June 2014.

Provision of consultancy services

The Seller will provide technical consultancy services to the Project Company for the development of the power plant. A service fee of RMB60,000,000 (equivalent to HK\$75,000,000) will be payable by the Project Company to the Seller.

Appointment of contractor

The EPC format for the development of the power plant operated by the Project Company will be adopted.

Supply of photovoltaic equipment

The photovoltaic equipment for the power plant operated by the Project Company will be supplied by Shangluo BYD Industry Company Limited only, an associate of the Seller, at the prevailing market prices to be agreed between the parties.

Procurement of land

The Seller has undertaken to assist the Project Company in the approval procedure for the relevant land grant in connection with the site on which the power plant is to be constructed.

REASONS FOR THE ACQUISITION

The Company is principally engaged in properties investment, manufacturing and sale of life-like plants and securities investment.

As stated in the 2013 annual report of the Company, the Company is looking for new investments and business opportunities. The Company has identified photovoltaic power generation as a focus, as it is environmentally friendly and is a sector encouraged by the central government of the PRC. The Company has, since late April 2014, entered into a number of memoranda of understanding and agreements for the development of photovoltaic power plants in Gansu, Hebei, Inner Mongolia, Anhui and Yunnan provinces. The Acquisition signifies the furtherance of the Company's initiative into the photovoltaic power sector in the PRC.

The Directors (including the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a wholly-owned company established by the Seller on 27 March 2013 for the development of a 300 MW photovoltaic power plant in Shaanxi Province, the PRC.

The financial information of the Project Company for the year ended 31 December 2013 and the five months ended 31 May 2014 is as follows:

	For the year ended 31 December 2013 (unaudited) <i>RMB'000</i>	For the five months ended 31 May 2014 (unaudited) <i>RMB'000</i>
Net loss before tax	790	746
Net loss after tax	790	746

The net asset value of the Project Company as at 31 May 2014 was RMB8,464,000.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Agreement are over 5% but below 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

As disclosed in the Announcement, the Company has entered into a subscription agreement with the Investor pursuant to which the Investor has agreed to subscribe or procure the subscription of 6,528,080,000 Shares.

The Company intends to apply part of the proceeds from the Subscription to finance the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Project Company;
“Agreement”	the agreement dated 7 July 2014 between the Company, the Purchaser, the Seller and the Project Company in relation to the Acquisition;
“Announcement”	the announcement of the Company dated 10 June 2014;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of the Company;
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange;
“Completion”	completion of the Acquisition;
“Consultants”	has the meaning ascribed to it in the Announcement;
“Director(s)”	the director(s) of the Company;

“EPC”	engineering, procurement and construction;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Investor”	has the meaning ascribed to it in the Announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	mega watts;
“PRC”	the People’s Republic of China;
“Project Company”	榆林市比亞迪新能源有限公司 (Yulin City BYD New Energy Co., Ltd.), a company established in the PRC;
“Purchaser”	江山新能源投資(揚州)有限公司 (Kong Sun New Energy Investment (Yangzhou) Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Seller”	比亞迪汽車工業有限公司 (BYD Auto Industry Co., Ltd.), a company established in the PRC;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscription” the subscription of 6,528,080,000 new Shares in the Company by the Investor and the Consultants as detailed in the Announcement; and

“%” per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.25.

By Order of the Board
Kong Sun Holdings Limited
Mr. Yu Pak Yan, Peter
Chairman

Hong Kong, 7 July 2014

As of the date of this announcement, the Board comprises three executive directors, Mr. Yu Pak Yan, Peter, Mr. Chang Hoi Nam and Mr. Liu Wen Ping and two independent non-executive directors, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.