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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 30 October 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors and the Project Company under which the Purchaser has agreed to acquire the entire equity interest of the Project Company at the consideration of RMB41,070,000 (equivalent to approximately HK\$52,036,000).

The Project Company is engaged in the development of a 20 MW photovoltaic power plant in Hami City, Xinjiang, the PRC.

IMPLICATION UNDER THE LISTING RULES

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

THE ACQUISITION

The Agreement

Date

30 October 2014

Parties

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

Both the First Vendor and the Second Vendor are investment holding companies. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Project Company, the Vendors 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. Upon completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated with the financial statements of the Company.

Consideration

The consideration for the Acquisition is RMB41,070,000 (equivalent to approximately HK\$52,036,000). The consideration was determined after arm's length negotiations between the parties with reference to the designed generation capacity of the power plant.

The consideration for the Acquisition will be funded by internal resources of the Group and will be payable in the following manner:

- (a) as to 50% of the consideration, equivalent to RMB20,535,000 (approximately HK\$26,018,000), will be payable to the Vendors within three business days of the signing of the Agreement;
- (b) as to 40% of the consideration, equivalent to RMB16,428,000 (approximately HK\$20,814,000), will be payable to the Vendors within three business days of completion of the changes in the registration particulars of the Project Company with the administrative department for industry and commerce and the issue of the new business license of the Project Company; and
- (c) the balance 10% of the consideration, equivalent to RMB4,107,000 (approximately HK\$5,204,000), will be payable within six months of the signing of the Agreement.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a company established by the Vendors for the development of a 20 MW photovoltaic power plant in Hami City, Xinjiang Province (新疆哈密市), the PRC. The Project Company is owned as to 90% by the First Vendor and as to 10% by the Second Vendor.

The financial information of the Project Company for the two years immediately preceding the date of the Agreement is as follows:

	For the year ended	
	31 December	
	2012	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Turnover	–	570
Net loss before tax	(39)	(643)
Net loss after tax	(39)	(629)
Net assets	5,961	29,333

The net asset value of the Project Company as at 31 July 2014 was RMB34,603,000.

REASONS FOR THE ACQUISITION

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

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.

IMPLICATIONS UNDER THE LISTING RULES

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

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 30 October 2014 between the Company, the Vendors and the Project Company in relation to the Acquisition;
“Board”	the board of Directors of the Company;
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“First Vendor”	北京恒源天泰能源科技有限公司 (Beijing Hengyuan Tiantai Energy Technology Co., Ltd.*), a company established in the PRC;
“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;
“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”	哈密朝翔新能源科技有限公司 (Hami Chaoxiang New Energy Technology Co., Ltd.*), a company established in the PRC;
“Purchaser”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings 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;
“Second Vendor”	新疆中科恒源新能源科技有限公司 (Xinjiang Zhongke Hengyuan New Energy Technology Co., Ltd.*), a company established in the PRC;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	the First Vendor and the Second Vendor; and
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.267.

By Order of the Board
Kong Sun Holdings Limited
Mr. Liu Wen Ping
Executive Director

Hong Kong, 30 October 2014

As of the date of this announcement, the Board comprises two executive directors, Mr. Chang Hoi Nam and Mr. Liu Wen Ping, one non-executive director, Mr. Liu Jinsong and three independent non-executive directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Dr. Wong Yun Kuen.

* *For identification purposes.*