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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 November 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 RMB99,570,000 (equivalent to approximately HK\$126,155,000).

The Project Company is engaged in the development of a 30 MW photovoltaic power plant in Jiuquan City, Gansu Province, the PRC.

Implication under the Listing Rules

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

THE ACQUISITION

The Agreement

Date

7 November 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 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 RMB99,570,000 (equivalent to approximately HK\$126,155,000). 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 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 RMB49,785,000 (approximately HK\$63,077,500) will be payable within three business days of the signing of the Agreement;
- (b) as to 40% of the consideration, equivalent to RMB39,828,000 (approximately HK\$50,462,000), will be payable 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 RMB9,957,000 (approximately HK\$12,615,500), will be payable within three days after the expiry of six month period of the signing of the Agreement.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a company established by the Vendors on 16 July 2013 and is principally engaged in the development of a 30 MW photovoltaic power plant in Jiuquan City, Gansu Province (甘肅省酒泉市), the PRC. The Project Company is owned as to 95% by the First Vendor and as to 5% by the Second Vendor.

The financial information of the Project Company for the period from 16 July 2013 to 31 December 2013 is as follows:

	For the period from 16 July 2013 to 31 December 2013 (unaudited) RMB
Net loss before tax	(30,685)
Net loss after tax	(29,823)
Net assets (as at 31 December 2013)	59,970,177

The net asset value of the Project Company as at 31 July 2014 was RMB64,279,000.

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, Yunnan and Xinjiang 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 one of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is 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 7 November 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”	中科恒源科技股份有限公司(Zhongke Hengyuan 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”	甘肅宏遠光電有限責任公司(Gansu Hongyuan Solar Electric 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”	甘肅中科恒源新能源科技有限公司 (Gansu 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, 7 November 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. Chang Tat Joel and three independent non-executive directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.

* *For identification purposes.*