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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

On 2 October 2015, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Cooperative Agreement with the Vendor and KT New Energy on the acquisition of the Project Companies, which are involved in the development of two 30 MW photovoltaic power plants in Xinjiang Province, the PRC. The total consideration for the acquisition of the Projects is a sum of RMB534,000,000 (equivalent to approximately HK\$651,480,000).

Upon completion of the Acquisition contemplated under the Cooperative Agreement, each of Artux Huaguang and Artux Xingguang will be wholly owned by the Purchaser and each of them will become an indirect wholly owned subsidiary of the Company and their respective results will be consolidated with the financial statements of the Group.

As one of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Cooperative Agreement is over 5% but less than 25%, the transactions contemplated under the Cooperative Agreement constitute a discloseable transaction under Chapter 14 of the Listing Rules.

THE COOPERATIVE AGREEMENT

Date

2 October 2015

Parties

- (1) the Purchaser, a wholly owned subsidiary of the Company;
- (2) the Vendor, an investment company who holds the interests in the Project Companies;
and
- (3) KT New Energy, a wholly owned subsidiary of the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Vendor and the Project Companies and their respective ultimate beneficial owner is independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the Cooperative Agreement, the Purchaser will acquire the entire registered capital and assume the debts of the Project Companies from the Vendor. In addition, KT New Energy would takeover the purchase and transfer of the materials and equipment required for the Projects.

Consideration

The aggregate consideration for the Acquisition, including the assumption of the debts of the Project Companies and the purchase and transfer of the materials and equipment required for the Projects, is RMB534,000,000 (equivalent to approximately HK\$651,480,000), which was determined after arm's length negotiations between the parties with reference to the committed investments by the Vendor in the Projects and the estimated costs for the development of the Projects. The consideration for the Acquisition will be payable to the Vendor in the following manners:

- 30% of the consideration, equivalent to RMB160,200,000, plus a surety sum of RMB20,000,000 as first payment to the Acquisition (the “**First Payment**”) will be payable to the Vendor as materials and equipment purchase fee within five (5) business days of the Cooperative Agreement; and within ten (10) business days upon receipt of the First Payment, the Vendor will charge the 100% equity interests of the Project Companies to KT New Energy;

- 20% of the consideration, equivalent to RMB106,800,000, less the surety sum of RMB20,000,000 as second payment to the Acquisition (the “**Second Payment**”) will be payable to the Vendor as materials and equipment purchase fee within fifteen (15) business days of the Cooperative Agreement; upon receipt of the Second Payment and within twenty (20) business days upon the Projects being connected to the power grid, the Vendor shall arrange the relevant filings and registration in relation to the transfer of 51% equity interests in the Project Companies to the Purchaser;
- 20% of the consideration, equivalent to RMB106,800,000, as third payment to the Acquisition, will be payable within ten (10) business days upon completion of the relevant filings and registration in relation to the transfer of 24% of the equity interests in the Project Companies to the Purchaser and shall be payable by the Purchaser by way of a shareholder’s loan to the Project Companies, which the Project Companies will use the same sum to settle the construction fee incurred by the Vendor;
- 25% of the consideration, equivalent to RMB133,500,000, as fourth payment to the Acquisition (the “**Fourth Payment**”), will be payable within five (5) business days upon the Vendor completing and obtaining all the legal documents with respect to the Projects and shall be payable by the Purchaser by way of a shareholder’s loan to the Project Companies, which the Project Companies will use the same sum to settle the construction fee incurred by the Vendor, and the Vendor will transfer 20% of the equity interests in the Project Companies to the Purchaser within fifteen (15) business days upon receipt of the Fourth Payment; and
- the balance of the consideration, equivalent to RMB26,700,000 and representing 5% of the consideration for the Acquisition, will be payable within fifteen (15) business days of the first anniversary date of connection to the power grid to the Projects and the remaining 5% equity interests in the Project Companies will be transferred to the Purchaser at that time.

The consideration for the Acquisition will be satisfied by the internal resources of the Group.

REASONS FOR ENTERING THE COOPERATIVE AGREEMENT

The Company is principally engaged in properties investment, manufacturing and sale of life-like plants, securities investment, and investment in the development of photovoltaic power stations in 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 across the PRC. The entering into of the Cooperative Agreement signifies the furtherance of the Company’s initiative into the photovoltaic power sector in Xinjiang Province in the PRC.

The Directors (including the independent non-executive Directors) consider that the Cooperative 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 Cooperative Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PROJECTS AND THE PROJECT COMPANIES

The Projects involve two 30MW photovoltaic power development projects located in Artux City (阿圖什市), Xinjiang Province, the PRC. The construction of the Projects have been completed and the Projects have been connected to the power grid.

Both Project Companies, namely Artux Huaguang and Artux Xingguang, are established on 21 July 2014 in the PRC and are principally engaged in the development of photovoltaic power stations.

The financial information of the Project Companies for the year ended 31 December 2014 is as follows:

	Artux Huaguang For the year ended 31 December 2014 (unaudited) <i>RMB</i>	Artux Xingguang For the year ended 31 December 2014 (unaudited) <i>RMB</i>
Net loss before tax	68,803	298,993
Net loss after tax	68,803	298,993

The net asset value of Artux Huaguang and Artux Xingguang as at 31 July 2015 was RMB4,921,750 and RMB664,723, respectively.

Upon completion of the Acquisition contemplated under the Cooperative Agreement, each of Artux Huaguang and Artux Xingguang will be wholly owned by the Purchaser and each of them will become an indirect wholly owned subsidiary of the Company and their respective results will be consolidated with the financial statements of the Group.

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 Cooperative Agreement is over 5% but less than 25%, the transactions contemplated under the Cooperative Agreement constitute 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 registered capital and debts of the Project Companies by the Purchaser from the Vendor pursuant to the Cooperative Agreement;
“Artux Huaguang”	阿圖什市華光能源有限公司 (Artux Huaguang Energy Co., Ltd.*), a company established in Xinjiang Province that is engaged in the development of photovoltaic power stations;
“Artux Xingguang”	阿圖什市興光能源有限公司 (Artux Xingguang Energy Co., Ltd.*), a company established in Xinjiang Province that is engaged in the development of photovoltaic power stations;
“Board”	the board of Directors;
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange;
“Cooperative Agreement”	the cooperation agreement dated 2 October 2015 between the Purchaser, the Vendor and KT New Energy;
“Director(s)”	the director(s) of the Company;
“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;
“KT New Energy”	江天新能源貿易(揚州)有限公司 (Kong Sun New Energy Trading (Yangzhou) Co., Ltd.*), a company established in the PRC and a wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“MW”	mega watts;
“PRC”	the People’s Republic of China;
“Projects”	the two 30 MW photovoltaic power stations being developed by the Project Companies in Artux, Xinjiang Province;
“Project Companies”	Artux Huaguang and Artux Xingguang;
“Purchaser”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Co., Ltd.*), a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	新疆中興能源有限公司 (Xinjiang Zhongxing Energy Co., Ltd.*), a company incorporated in the PRC principally engaged in the development of photovoltaic power stations in the PRC and an independent third party; and
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.22.

* *For identification purposes*

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

Hong Kong, 2 October 2015

As of the date of this announcement, the Board comprises two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, two non-executive Directors, Dr. Ma Ji and Mr. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.