

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

CLARIFICATION ANNOUNCEMENT STRATEGIC CO-OPERATION AGREEMENT

Reference is made to the announcement of Kong Sun Holdings Limited (the “**Company**”) dated 20 November 2015 in relation to the entering into a strategic co-operation agreement with 華夏金融租賃有限公司 (Huaxia Financial Leasing Co., Ltd.*) (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, three finance lease agreements (the “**Structured Arrangements**”) were entered into between the wholly-owned subsidiaries of the Company, as lessees, and Huaxia, as lessor. The Board wishes to provide shareholders of the Company and potential investors of the Company with the following further information about the Structured Arrangements:

Pursuant to the terms of the Structured Arrangements, the Group transferred the legal title of the solar power plant assets and relevant components (the “**Leased Assets**”) owned by the lessees to Huaxia at the inception of the Structured Arrangements. The Directors consider that the Leased Assets remain under the control of and are used by the Group before, during and after the lease period in its ordinary course of operations (i.e. generating economic benefit to the Group), and the risk of the Leased Assets including risk of damage, loss and maintenance obligations are also retained by the Group.

The lease periods of the Structured Arrangements are for a period of 10 years, which is shorter than the remaining estimated useful lives of those Leased Assets. The Group is also entitled to purchase back the Leased Assets on an “as-is” basis at a consideration of RMB1 under each of the agreements upon maturity of the lease or upon early repayments of all the outstanding amounts under the relevant Structured Arrangement. Thus, the Group retains all the risks and rewards incidental to the ownership of the Leased Assets and enjoys substantially the same rights to its use as before the Structured Arrangements.

Accordingly, the Directors consider that the Structured Arrangements do not constitute discloseable transactions of the Company under Rule 14.04(1)(c) of the Listing Rules. They will be treated as secured borrowing and the interest payments under the Structured Arrangements will be treated as finance costs in the Group’s income statement in accordance with the Hong Kong Financial Reporting Standards.

The primary reason for entering into the Structured Arrangements is to obtain debt financing and not to convey the right to use the Leased Assets. The Directors consider that the use of the above sales and leaseback arrangement is a common practice in the solar energy industry as it is regarded by the industry players as an effective way to obtain long-term finance.

The Directors confirm that the above further information on the Structured Arrangements does not affect any information contained in the Announcement.

As the co-operation contemplated under the Agreement is subject to signing definitive agreements with respect to the specific projects, the co-operation contemplated thereunder may or may not materialise, shareholders and investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

* *For identification purposes*

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

Hong Kong, 2 December 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.