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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 IN RELATION TO THE ACQUISITION OF THE SALE EQUITY INTERESTS AND THE SALE PROJECT INTERESTS

THE ACQUISITIONS

The Board is pleased to announce that, on 15 December 2015 (after trading hours of the Stock Exchange), the Purchaser and the Vendors entered into the Agreements, pursuant to which, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Equity Interests and the Sale Project Interests.

LISTING RULES IMPLICATION

As the Agreements have been entered into between the same parties, the Acquisitions will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but all applicable percentage ratios are less than 25%, the Acquisitions, on an aggregate basis, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As completion of the Acquisitions is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the respective Agreements, the Acquisitions and the transactions contemplated thereunder may or may not proceed to completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

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The principal terms of each of the Agreements are summarised as follows:

PRINCIPAL TERMS OF THE AGREEMENTS

1. GUIXI ZHONGYUAN AGREEMENTS

Date:

15 December 2015

Parties:

In respect of the acquisition of the entire equity interests in Guixi Zhongyuan

- (i) the Purchaser; and
- (ii) Changshu Hongxin.

In respect of the purchase and assumption of assets, debts and liabilities involved in the Guixi Zhongyuan Project

- (i) the Purchaser;
- (ii) the EPC Contractor; and
- (iii) Guixi Zhongyuan.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Changshu Hongxin, the EPC Contractor and Guixi Zhongyuan is a third party independent of the Company and connected persons of the Company.

Assets to be acquired

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Guixi Zhongyuan Agreements, the Purchaser conditionally agreed to acquire and Changshu Hongxin conditionally agreed to sell the entire share capital of Guixi Zhongyuan, and to purchase and assume all assets, debts and liabilities involved in the Guixi Zhongyuan Project.

Guixi Zhongyuan is a company established in the PRC on 7 May 2015 and is principally engaged in the development and construction of the Guixi Zhongyuan Project. As at the date of this announcement, the construction of the Guixi Zhongyuan Project has been completed and the power plant is expected to be connected to the power grid on or before 31 December 2015.

The unaudited total assets and net asset value of Guixi Zhongyuan as at 30 November 2015 were approximately RMB357,928,000 and RMB9,987,000, respectively. From the incorporation date to 30 November 2015, the unaudited net loss of Guixi Zhongyuan before and after taxation amounted to RMB13,212.

Conditions precedent

Completion of the Guixi Zhongyuan Agreements is subject to and conditional upon fulfilment of, among others, the following conditions precedent:

- (i) Changshu Hongxin having procured that an agreement in the form approved by the Purchaser to be duly signed between Guixi Zhongyuan and the EPC contractor in respect of the Guixi Zhongyuan Project;
- (ii) filing and approval documents having been obtained by the Guixi Zhongyuan Project in respect of project investment, construction and power generation; and
- (iii) the grid power agreement, grid power scheduling agreement, a photographic proof that the electricity meter approved by the Power Bureau in the PRC has commenced measurement, and the electricity bill payment notice for the following month having been obtained by the Guixi Zhongyuan Project.

Consideration

The aggregate consideration for the acquisition of the entire equity interest in Guixi Zhongyuan, and the purchase and assumption of assets, debts and liabilities involved in the Guixi Zhongyuan Project is RMB425 million, which shall be payable in cash in the following manner:

- (i) 60% of the equity consideration, being the amount of RMB6 million, shall be payable to Changshu Hongxin by the Purchaser within five (5) Business Days from the date of the Guixi Zhongyuan Agreements;
- (ii) The remaining 40% of the equity consideration, being the amount of RMB4 million, shall be payable to Changshu Hongxin by the Purchaser within five (5) Business Days from effecting all necessary changes to, among others, the operation license, bank account and tax records by 25 December 2015 as a result of the change in shareholding of Guixi Zhongyuan;
- (iii) 51% of the aggregate consideration, being the amount of RMB216.75 million, shall be payable to the EPC Contractor by Guixi Zhongyuan by 31 December 2015 after satisfaction of the following conditions:
 - the Guixi Zhongyuan Project having commenced power generation and all relevant documentations in connection to grid power generation having been transferred to Guixi Zhongyuan;
 - the entire equity interest in Guixi Zhongyuan having been transferred to the Purchaser or associate of the Purchaser and all relevant registration procedures of the share transfer having been completed (including, but not limited to the obtaining of a new business license);
 - relevant documents having been transferred to the Purchaser pursuant to the Guixi Zhongyuan Agreements; and
 - receipt of due payment issued by the EPC Contractor having been obtained;
- (iv) 24% of the aggregate consideration, being the amount of RMB102 million, less the amount of equity consideration already paid, shall be payable to the EPC Contractor by Guixi Zhongyuan within five (5) Business Days from the satisfaction of the following conditions:
 - the Guixi Zhongyuan Project having completed an error-free test run for 15 days;
 - the Guixi Zhongyuan Project having passed the quality inspection carried out by a jointly-appointed third party inspection body showing that the quality standard of the Guixi Zhongyuan Project has fulfilled the necessary requirements specified in the Guixi Zhongyuan Agreements;

- all defects in the Guixi Zhongyuan Project and its ancillary facilities having been reconciled within 90 days from the test run;
 - all relevant pre-construction and operation approvals (save from safety, fire control, environmental inspection, land certificate, power generation operation certificate and update of renewable energy register) having been obtained; and
 - receipt of due payment issued by the EPC Contractor having been obtained;
- (v) 15% of the aggregate consideration, being the amount of RMB63.75 million, shall be payable to the EPC Contractor by Guixi Zhongyuan within five (5) Business Days from the satisfaction of the following conditions:
- all safety, fire control, environmental and overall project inspection and approvals of the Guixi Zhongyuan Project having been completed and/or obtained;
 - approval documents with respect to the feed-in tariff (including national and local government subsidies) having been obtained; and
 - receipt of due payment issued by the EPC Contractor having been obtained; and
- (vi) remaining balance of the aggregate consideration shall be payable to the EPC Contractor by Guixi Zhongyuan within 15 days from the end of the twelve-month period after the test run of the Guixi Zhongyuan Project, assuming satisfaction of the quality standards and relevant requirements pursuant to the Guixi Zhongyuan Agreements.

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

The consideration was determined after arm's length negotiations between the Purchaser, Changshu Hongxin and the EPC Contractor after taking into account the unaudited net asset value of the Guixi Zhongyuan and the future revenue to be generated by the Guixi Zhongyuan Project. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Upon the fulfilment by the Purchaser of the conditions precedent of the Guixi Zhongyuan Agreements, completion of the acquisition of Guixi Zhongyuan shall take place on the date of obtaining the renewed business license of Guixi Zhongyuan from the State Administration for Industry and Commerce, the PRC.

2. HUZHOU XIANGHUI AGREEMENTS

Date:

15 December 2015

Parties:

In respect of the acquisition of the entire equity interests in Huzhou Xianghui

- (i) the Purchaser; and
- (ii) Changshu Xinhui.

In respect of the purchase and assumption of assets, debts and liabilities involved in the Huzhou Xianghui Project

- (i) the Purchaser;
- (ii) the EPC Contractor; and
- (iii) Huzhou Xianghui.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Changshu Xinhui, the EPC Contractor and Huzhou Xianghui is a third party independent of the Company and connected persons of the Company.

Assets to be acquired

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Huzhou Xianghui Agreements, the Purchaser conditionally agreed to acquire and Changshu Xinhui conditionally agreed to sell the entire share capital of Huzhou Xianghui, and to purchase and assume all assets, debts and liabilities involved in the Huzhou Xianghui Project.

Huzhou Xianghui is a company established in the PRC on 21 April 2015 and is principally engaged in the development and construction of the Huzhou Xianghui Project. As at the date of this announcement, the construction of the Huzhou Xianghui Project has been completed and the power plant is expected to be connected to the power grid on or before 31 December 2015.

The unaudited total assets and net asset value of Huzhou Xianghui as at 30 November 2015 were approximately RMB821,633,000 and RMB49,987,000, respectively. From the incorporation date to 30 November 2015, the unaudited net loss of Huzhou Xianghui before and after taxation amounted to RMB12,853.

Conditions precedent

Completion of the Huzhou Xianghui Agreements is subject to and conditional upon fulfilment of, among others, the following conditions precedent:

- (i) Changshu Xinhui having procured that an agreement in the form approved by the Purchaser to be duly signed between Huzhou Xianghui and the EPC contractor in respect of the Huzhou Xianghui Project;
- (ii) filing and approval documents having been obtained by the Huzhou Xianghui Project in respect of project investment, construction and power generation; and
- (iii) the grid power agreement, grid power scheduling agreement, a photographic proof that the electricity meter approved by the Power Bureau in the PRC has commenced measurement, and the electricity bill payment notice for the following month having been obtained by the Huzhou Xianghui Project.

Consideration

The aggregate consideration for the acquisition of the entire equity interest in Huzhou Xianghui, and the purchase and assumption of assets, debts and liabilities of the Huzhou Xianghui Project is RMB860 million, which shall be payable in cash in the following manner:

- (i) 60% of the equity consideration, being the amount of RMB30 million, shall be payable to Changshu Xinhui by the Purchaser within five (5) Business Days from the date of the Huzhou Xianghui Agreements;
- (ii) the remaining 40% of the equity consideration, being the amount of RMB20 million, shall be payable to Changshu Xinhui by the Purchaser within five (5) Business Days from effecting all necessary changes to, among others, the business registration license, bank account and tax records by 25 December 2015 as a result of the change in shareholding of Huzhou Xianghui;

- (iii) 51% of the aggregate consideration, being the amount of RMB438.6 million, shall be payable to the EPC Contractor by Huzhou Xianghui by 31 December 2015 upon satisfaction of the following conditions:
- the Huzhou Xianghui Project having commenced power generation and all relevant documentations in connection to grid power generation having been transferred to Huzhou Xianghui;
 - the entire equity interest in Huzhou Xianghui having been transferred to the Purchaser or associate of the Purchaser and all relevant registration procedures of the share transfer having been completed (including, but not limited to the obtaining of a new business license);
 - relevant documents having been transferred to the Purchaser pursuant to the Huzhou Xianghui Agreements; and
 - receipt of due payment issued by the EPC Contractor having been obtained;
- (iv) 24% of the aggregate consideration, being the amount of RMB206.4 million, less the amount of equity consideration already paid, shall be payable to the EPC Contractor by Huzhou Xianghui within five (5) Business Days from the satisfaction of the following conditions:
- the Huzhou Xianghui Project having completed an error-free test run for 15 days;
 - the Huzhou Xianghui Project having passed the quality inspection carried out by a jointly-appointed third party inspection body showing that the quality standard of the Huzhou Xianghui Project has fulfilled the necessary requirements specified in the Huzhou Xianghui Agreements;
 - all defects in the Huzhou Xianghui Project and its ancillary facilities having been reconciled within 90 days from the test run;
 - all relevant pre-construction and operation approvals (save from safety, fire control, environmental inspection, land certificate, power generation operation certificate and update of renewable energy register) having been obtained; and
 - receipt of due payment issued by the EPC Contractor having been obtained;

- (v) 15% of the aggregate consideration, being the amount of RMB129 million, shall be payable to the EPC Contractor by Huzhou Xianghui within five (5) Business Days from the satisfaction of the following conditions:
- all safety, fire control, environmental and overall project inspection and approvals of the Huzhou Xianghui Project having been completed and/or obtained;
 - approval documents with respect to the feed-in tariff (including national and local government subsidies) having been obtained; and
 - receipt of due payment issued by the EPC Contractor having been received; and
- (vi) remaining balance of the aggregate consideration shall be payable to the EPC Contractor by Huzhou Xianghui within 15 days from the end of the twelve-month period after the test run of the Huzhou Xianghui Project, assuming satisfaction with the quality standards and relevant requirements pursuant to the Huzhou Xianghui Agreements.

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

The consideration was determined after arm's length negotiations between the Purchaser, Changshu Xinhui and the EPC Contractor after taking into account the unaudited net asset value of Huzhou Xianghui and the future revenue to be generated by the Huzhou Xianghui Project. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Upon the fulfilment by the Purchaser of the conditions precedent of the Huzhou Xianghui Agreements, completion of the acquisition of Huzhou Xianghui shall take place on the date of obtaining the renewed business license of Huzhou Xianghui from the State Administration for Industry and Commerce, the PRC.

INFORMATION OF THE PARTIES

The Purchaser is a wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Each of Changshu Hongxin and Changshu Xinhui is an investment holding company incorporated in the PRC and indirectly owned as to 74.81% by Zhongli Sci-Tech.

The EPC Contractor is a company established in the PRC, which is principally engaged in the engineering, procurement and construction (EPC) of solar power plants and is owned as to 74.81% by Zhongli Sch-Tech.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Guixi Zhongyuan and Huzhou Xianghui are principally engaged in the development and construction of photovoltaic power plants in Guixi City and Huzhou City, the PRC, respectively.

The Company is principally engaged in properties investment, manufacturing and sale of life-like plants and investment in photovoltaic power plants 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 Acquisitions signify the furtherance of the Group's initiative into the photovoltaic power sector in the PRC and presents a good opportunity for the Group's long-term development.

Based on the reasons and benefits discussed above, the Directors (including the independent non-executive Directors) consider that the Agreements have been entered into on normal commercial terms and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Agreements have been entered into between the same parties, the Acquisitions will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but all applicable percentage ratios are less than 25%, the Acquisitions, on an aggregate basis, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As completion of the Acquisitions is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the respective Agreements, the Acquisitions and the transactions contemplated thereunder may or may not proceed to completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Acquisitions”	the acquisitions of the Sale Equity Interests and the Sale Project Interests
“Agreements”	the Guixi Zhongyuan Agreements and the Huzhou Xianghui Agreements entered into between the Purchaser and the Vendors in respect of the Acquisitions
“Board”	the board of the Directors
“Business Day(s)”	any day, except a day as required and authorised by law, on which banks in the PRC are not open for business
“Changshu Hongxin”	常熟宏鑫光伏電站開發有限公司 (Changshu Hongxin Solar Power Development Company Limited*), a company established in the PRC and is indirectly owned as to 74.81% by Zhongli Sci-Tech
“Changshu Xinhui”	常熟新暉光伏電站開發有限公司 (Changshu Xinhui Solar Power Development Company Limited*), a company established in the PRC and is indirectly owned as to 74.81% by Zhongli Sci-Tech
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“EPC Contractor”	中利騰暉光伏科技有限公司 (Zhongli Tenhui Photovoltaic Technology Company Limited*), a company established in the PRC which is principally engaged in the engineering, procurement and construction (EPC) of solar power plants and is owned as to 74.81% by Zhongli Sci-Tech
“Group”	the Company and its subsidiaries
“Guixi Zhongyuan”	貴溪市中元太陽能電力有限公司 (Guixi City Zhongyuan Solar Power Company Limited*), a company incorporated in the PRC and is owned as to 100% by the Changshu Hongxin
“Guixi Zhongyuan Agreements”	the agreement dated 15 December 2015 entered into between the Purchaser and Changshu Hongxin in respect of the acquisition of the entire equity interests in Guixi Zhongyuan, and the agreement dated 15 December 2015 entered into between the Purchaser, the EPC Contractor and Guixi Zhongyuan in respect of the purchase and assumption of assets, debts and liabilities involved in the Guixi Zhongyuan Project
“Guixi Zhongyuan Project”	the 50 MW photovoltaic power plant project owned and operated by Guixi Zhongyuan in Guixi City, Jiangxi Province, the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huzhou Xianghui”	湖州祥暉光伏發電有限公司 (Huzhou Xianghui Photovoltaic Power Generation Company Limited*), a company established in the PRC and is owned as to 100% by Changshu Xinhui

“Huzhou Xianghui Agreements”	the agreement dated 15 December 2015 entered into between the Purchaser and Changshu Xinhui in respect of the acquisition of the entire equity interests in Huzhou Xianghui, and the agreement dated 15 December 2015 entered into between the Purchaser, the EPC Contractor and Huzhou Xianghui in respect of the purchase and assumption of all assets, debts and liabilities involved in the Huzhou Xianghui Project
“Huzhou Xianghui Project”	the 100 MW photovoltaic power plant project owned and operated by Huzhou Xianghui in Huzhou City, Zhejiang Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	mega watts
“PRC”	The People’s Republic of China
“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 PRC
“Sale Equity Interests”	100% equity interests in each of Guixi Zhongyuan and Huzhou Xianghui
“Sale Project Interests”	the assets (including, but not limited to main equipment and modules), debts and liabilities (including, but not limited to project and equipment expenses) involved in each of the Guixi Zhongyuan Project and the Huzhou Xianghui Project
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Changshu Hongxin and Changshu Xinhui
“Zhongli Sci-Tech”	中利科技集團股份有限公司 (Zhongli Sci-Tech Group Company Limited*), a company established in the PRC and the shares of which are listed on the Shenzhen Stock Exchange
“%”	per cent

* *For identification purposes only*

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

Hong Kong, 15 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.