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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 ASSUMPTION OF THE ASSUMED LIABILITIES

THE ACQUISITIONS

The Board is pleased to announce that, on 23 December 2015 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Agreements, pursuant to which, the Purchaser conditionally agreed to acquire the Sale Equity Interests and assume the Assumed Liabilities.

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. HEFEI LIUYUAN AGREEMENTS

Date:

23 December 2015 (after trading hours of the Stock Exchange)

Parties:

In respect of the capital injection into Hefei Liuyuan, and the subsequent acquisition of 5% equity interest in Hefei Liuyuan

- (i) the Purchaser; and
- (ii) the Vendor.

In respect of the assumption of the Assumed Liabilities

- (i) the Purchaser;
- (ii) the Vendor;
- (iii) the EPC Contractor;
- (iv) Hefei Liuyuan; and
- (v) Hefei Liuyuan Project Company.

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

Subject matter of the Hefei Liuyuan Agreements

Capital injection into Hefei Liuyuan

As at the date of this announcement, the registered capital of Hefei Liuyuan was RMB2.5 million. Pursuant to the Hefei Liuyuan Agreements, the Purchaser agreed to inject a total of RMB47.5 million into Hefei Liuyuan. Upon completion of the capital injection, the registered capital of Hefei Liuyuan will be increased from RMB2.5 million to RMB50 million, which will be held by the Purchaser and the Vendor as to 95% and 5%, respectively.

Acquisition of 5% equity interest in Hefei Liuyuan, and assumption of debts and liabilities involved in the Hefei Liuyuan Project

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Hefei Liuyuan Agreements, the Purchaser conditionally agreed to acquire 5% of the equity interest of Hefei Liuyuan and assume the Assumed Liabilities.

Hefei Liuyuan is a company established in the PRC on 19 November 2014 and is an investment holding company. Hefei Liuyuan Project Company is wholly-owned by Hefei Liuyuan and is a company established in the PRC on 1 December 2014, which is principally engaged in the development and construction of the Hefei Liuyuan Project. As at the date of this announcement, the Hefei Liuyuan Project is under construction and the power plant is expected to be connected to the power grid on or before 31 January 2016.

The financial information of Hefei Liuyuan from the incorporation date to 30 November 2015 is as follows:

	From incorporation date to 31 December 2014 (Unaudited) RMB	For the period from 1 January 2015 to 30 November 2015 (Unaudited) RMB
Net loss before taxation	–	29,704
Net loss after taxation	–	29,704

The unaudited total assets and net asset value of Hefei Liuyuan as at 30 November 2015 were approximately RMB143,565,000 and RMB49,970,000, respectively.

Conditions precedent

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

- (i) the Vendor having owned 100% equity interest in Hefei Liuyuan, and Hefei Liuyuan having owned 100% equity interest in Hefei Liuyuan Project Company;
- (ii) all internal consent and approvals required to be obtained for the execution of the Hefei Liuyuan Agreements have been obtained by each party involved in the Hefei Liuyuan Agreements;
- (iii) all relevant information with regards to the Vendor, Hefei Liuyuan and Hefei Liuyuan Project Company having been disclosed to the Purchaser by each of the Vendor, Hefei Liuyuan and Hefei Liuyuan Project Company;
- (iv) representations and warranties given by each party involved in the Hefei Liuyuan Agreements remaining true and accurate in all material respects on the date of the Hefei Liuyuan Agreements and on the date of completion, and are not intentionally misleading or deceptive; and
- (v) the transactions contemplated under the Hefei Liuyuan Agreements are in accordance with all applicable laws and regulations.

Consideration

The aggregate consideration for the acquisition of the entire equity interest in Hefei Liuyuan comprises (i) capital injection by the Purchaser into Hefei Liuyuan; (ii) cash consideration payable by the Purchaser to the Vendor; and (iii) assumption of the Assumed Liabilities, which amounted to approximately RMB217.1 million, and shall be payable in cash in the following manner:

- (i) the amount of capital to be injected into Hefei Liuyuan, being the amount of RMB47.5 million, shall be payable by the Purchaser within three (3) Business Days from the date of the Hefei Liuyuan Agreements;
- (ii) the consideration in respect of the transfer of the 5% equity interest of Hefei Liuyuan in the amount of RMB1, shall be payable to the Vendor by the Purchaser upon completion of the registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the change in shareholding;
- (iii) 30% of the Assumed EPC Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB47.28 million, less the amount of RMB25 million deposit money already paid to the EPC Contractor, shall be payable to the Hefei Liuyuan Project Company by the Purchaser in form of a loan after satisfaction of the following conditions:
 - registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the 95% shareholding of Hefei Liuyuan as a result of the capital injection by the Purchaser having been completed; and the transfer of the company chops, licenses and other assets and documents, the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan with Purchaser's nominees, and the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan Project Company with Purchaser's nominees having been completed;
 - charge over the entire equity interest in Luan Xuqiang in favour of the Purchaser and the subsequent registration with the relevant State Administration for Industry and Commerce in the PRC having been completed; and among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures and business license of Luan Xuqiang having been transferred to personnel delegated by the Purchaser;
 - among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures, business license of Suzhou Xuqiang having been transferred to personnel delegated by the Purchaser;

- letter of guarantee having been issued by the Guarantors in accordance with the Agreements;
 - the EPC Agreements having been duly executed; and
 - the EPC Contractor having issued lawful invoices to Hefei Liuyuan Project Company in relation to the Hefei Liuyuan Project.
- (iv) 60% of the Assumed EPC Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB94.56 million, shall be payable to the Hefei Liuyuan Project Company by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (iii) above, and within three (3) months from the satisfaction of the following conditions:
- registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the transfer of 5% equity interest in Hefei Liuyuan from the Vendor to the Purchaser, and the replacement of the legal representative of Hefei Liuyuan Project Company with the Purchaser’s nominee, having been completed;
 - the Hefei Liuyuan Project having commenced grid power generation and completed an error-free test run for 240 hours (on the basis of 8 hours per day);
 - the Hefei Liuyuan Project having obtained power grid approval and completed other necessary procedures;
 - approval documents with respect to the feed-in tariff (including national subsidies) having been obtained by the Hefei Liuyuan Project;
 - the Hefei Liuyuan Project having passed quality inspections and reconciliation of defects and delivery of the Hefei Liuyuan Project having been completed, showing that the Hefei Liuyuan Project satisfied quality standards; and
 - the EPC Contractor having issued lawful invoices to Hefei Liuyuan Project Company in relation to the Hefei Liuyuan Project.
- (v) 10% of the Assumed EPC Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB15.76 million, shall be payable to the Hefei Liuyuan Project Company by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (iv) above, and within five (5) Business Days from the satisfaction of the following conditions:

- one year having lapsed from the date of commencing power generation of the Hefei Liuyuan Project;
 - there have been no accidents and deductions in the Hefei Liuyuan Project during the warranty period, or on the assumption that there have been accidents or deductions, that all defects have been reconciled or relevant amount payable have been deducted; and
 - the EPC Contractor having issued lawful invoices to Hefei Liuyuan Project Company in relation to the Hefei Liuyuan Project;
- (vi) 20% of the Assumed Technical Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB2.4 million, shall be payable to the Hefei Liuyuan Project Company by the Purchaser in form of a loan within five (5) Business Days from the satisfaction of all conditions mentioned in paragraph (iii) above, and upon issuance of a receipt from the Vendor;
- (vii) 70% of the Assumed Technical Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB8.4 million, shall be payable to the Hefei Liuyuan Project Company by the Purchaser in form of a loan within three (3) months from the satisfaction of all conditions mentioned in paragraph (iv) above, and upon issuance of a receipt from the Vendor; and
- (viii) 10% of the Assumed Technical Liabilities relating to the Hefei Liuyuan Project, being the amount of RMB1.2 million, shall be payable to the Vendor by the Hefei Liuyuan Project Company within five (5) Business Days from the completion of all approval and inspection procedures in accordance with the Hefei Liuyuan Agreements, and upon issuance of a receipt from the Vendor.

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

The aggregate consideration was determined after arm's length negotiations between the Purchaser, the Vendor and the EPC Contractor after taking into account the unaudited net asset value of Hefei Liuyuan and the future revenue to be generated by the Hefei Liuyuan 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 Hefei Liuyuan Agreements, completion of the acquisition of Hefei Liuyuan shall take place on the date of completing registration at the relevant State Administration for Industry and Commerce of the PRC and obtaining renewed business license of Hefei Liuyuan.

2. LUAN XUQIANG AGREEMENTS

Date:

23 December 2015 (after trading hours of the Stock Exchange)

Parties:

In respect of the acquisition of 100% equity interest in Luan Xuqiang

- (i) the Purchaser; and
- (ii) the Vendor.

In respect of the assumption of the Assumed Liabilities

- (i) the Purchaser;
- (ii) the Vendor;
- (iii) the EPC Contractor; and
- (iv) Luan Xuqiang.

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

Subject matter of the Luan Xuqiang Agreements

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Luan Xuqiang Agreements, the Purchaser conditionally agreed to acquire the entire equity interest of Luan Xuqiang and assume the Assumed Liabilities.

Luan Xuqiang is a company established in the PRC on 31 December 2014 and is principally engaged in the development and construction of the Luan Xuqiang Project. As at the date of this announcement, the Luan Xuqiang Project is under construction and the power plant is expected to be connected to the power grid on or before 31 January 2016.

The financial information of Luan Xuqiang from the incorporation date to 30 November 2015 is as follows:

	From incorporation date to 31 December 2014 (Unaudited) RMB	For the period from 1 January 2015 to 30 November 2015 (Unaudited) RMB
Net loss before taxation	–	5,885
Net loss after taxation	–	5,885

The unaudited total assets and net asset value of Luan Xuqiang as at 30 November 2015 were approximately RMB71,130,000 and RMB29,994,000, respectively.

Conditions precedent

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

- (i) the Vendor having owned 100% equity interest in Luan Xuqiang;
- (ii) all internal consent and approvals required to be obtained for the execution of the Luan Xuqiang Agreements have been obtained by each party involved in the Luan Xuqiang Agreements;
- (iii) all relevant information with regards to the Vendor and Luan Xuqiang having been disclosed to the Purchaser by each of the Vendor and Luan Xuqiang;
- (iv) representations and warranties given by each party involved in the Luan Xuqiang Agreements remaining true and accurate in all material respects on the date of the Luan Xuqiang Agreements and on the date of completion, and are not intentionally misleading or deceptive; and
- (v) the transactions contemplated under the Luan Xuqiang Agreements are in accordance with all applicable laws and regulations.

Consideration

The aggregate consideration for the acquisition of the entire equity interest in Luan Xuqiang comprises (i) cash consideration payable by the Purchaser to the Vendor; and (ii) assumption of the Assumed Liabilities, which amounted to approximately RMB113.6 million, and shall be payable in cash in the following manner:

- (i) the consideration in respect of the transfer of the 100% equity interest of Luan Xuqiang in the amount of RMB1, shall be payable to the Vendor by the Purchaser upon completion of the registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the change in shareholding;
- (ii) 30% of the Assumed EPC Liabilities relating to the Luan Xuqiang Project, being the amount of RMB30.48 million, shall be payable to Luan Xuqiang by the Purchaser in form of a loan after satisfaction of the following conditions:
 - registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the 95% shareholding of Hefei Liuyuan as a result of the capital injection by the Purchaser having been completed; the transfer of company chops, licenses and other assets and documents of Hefei Liuyuan and Hefei Liuyuan Project Company, the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan with Purchaser's nominees, and the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan Project Company with Purchaser's nominees having been completed;
 - charge over the entire equity interest in Luan Xuqiang in favour of the Purchaser and the subsequent registration with the relevant State Administration for Industry and Commerce in the PRC having been completed; and among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures and business license of Luan Xuqiang having been transferred to personnel delegated by the Purchaser;
 - among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures, business license of Suzhou Xuqiang having been transferred to personnel delegated by the Purchaser;
 - letter of guarantee having been issued by the Guarantors in accordance to the Agreements;
 - the EPC Agreements having been duly executed; and

- the EPC Contractor having issued lawful invoices to Luan Xuqiang in relation to the Luan Xuqiang Project.
- (iii) 60% of the Assumed EPC Liabilities relating to the Luan Xuqiang Project, being the amount of RMB60.96 million, shall be payable to Luan Xuqiang by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (ii) above, and within three (3) months from the satisfaction of the following conditions:
- registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the transfer of the entire equity interest in Luan Xuqiang from the Vendor to the Purchaser having been completed;
 - the Luan Xuqiang Project having commenced grid power generation and completed an error-free test run for 240 hours (on the basis of 8 hours per day);
 - the Luan Xuqiang Project having obtained power grid approval and completed other necessary procedures;
 - approval documents with respect to the feed-in tariff (including national subsidies) having been obtained by the Luan Xuqiang Project;
 - the Luan Xuqiang Project having passed quality inspections and reconciliation of defects and delivery of the Luan Xuqiang Project having been completed, showing that the Luan Xuqiang Project satisfied quality standards; and
 - the EPC Contractor having issued lawful invoices to Luan Xuqiang in relation to the Luan Xuqiang Project.
- (iv) 10% of the Assumed EPC Liabilities relating to the Luan Xuqiang Project, being the amount of RMB10.16 million, shall be payable to Luan Xuqiang by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (iii) above, and within five (5) Business Days from the satisfaction of the following conditions:
- one year having lapsed from the date of commencing power generation of the Luan Xuqiang Project;
 - there have been no accidents and deductions in the Luan Xuqiang Project during the warranty period, or on the assumption that there have been accidents or deductions, that all defects have been reconciled or relevant amount payable have been deducted; and

- the EPC Contractor having issued lawful invoices to Luan Xuqiang in relation to the Luan Xuqiang Project;
- (v) 20% of the Assumed Technical Liabilities relating to the Luan Xuqiang Project, being the amount of RMB2.4 million, shall be payable to Luan Xuqiang by the Purchaser in form of a loan within five (5) Business Days from the satisfaction of all conditions mentioned in paragraph (ii) above, and upon issuance of a receipt from the Vendor; and
- (vi) 70% of the Assumed Technical Liabilities relating to the Luan Xuqiang Project, being the amount of RMB8.4 million, shall be payable to Luan Xuqiang by the Purchaser in form of a loan within three (3) months from the satisfaction of all conditions mentioned in paragraph (iii) above, and upon issuance of a receipt from the Vendor; and
- (vii) 10% of the Assumed Technical Liabilities relating to the Luan Xuqiang Project, being the amount of RMB1.2 million, shall be payable to the Vendor by Luan Xuqiang within five (5) Business Days from the completion of all approval and inspection procedures in accordance with the Luan Xuqiang Agreements, and upon issuance of a receipt from the Vendor.

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

The aggregate consideration was determined after arm's length negotiations between the Purchaser, the Vendor and the EPC Contractor after taking into account the unaudited net asset value of Luan Xuqiang and the future revenue to be generated by the Luan Xuqiang 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 Luan Xuqiang Agreements, completion of the acquisition of Luan Xuqiang shall take place on the date of completing registration at the relevant State Administration for Industry and Commerce of the PRC and obtaining renewed business license of Luan Xuqiang.

3. SUZHOU XUQIANG AGREEMENTS

Date:

23 December 2015 (after trading hours of the Stock Exchange)

Parties:

In respect of the acquisition of 100% equity interest in Suzhou Xuqiang

- (i) the Purchaser; and
- (ii) the Vendor.

In respect of the assumption of the Assumed Liabilities

- (i) the Purchaser;
- (ii) the Vendor;
- (iii) the EPC Contractor; and
- (iv) Suzhou Xuqiang.

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

Subject matter of the Suzhou Xuqiang Agreements

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Suzhou Xuqiang Agreements, the Purchaser conditionally agreed to acquire the entire equity interest of Suzhou Xuqiang and assume the Assumed Liabilities.

Suzhou Xuqiang is a company established in the PRC on 10 December 2014 and is principally engaged in the development and construction of the Suzhou Xuqiang Project. As at the date of this announcement, the Suzhou Xuqiang Project is under construction and the power plant is expected to be connected to the power grid on or before 31 January 2016.

The financial information of Suzhou Xuqiang from the incorporation date to 30 November 2015 is as follows:

	From incorporation date to 31 December 2014 (Unaudited) RMB	For the period from 1 January 2015 to 30 November 2015 (Unaudited) RMB
Net loss before taxation	–	6,011
Net loss after taxation	–	6,011

The unaudited total assets and net asset value of Suzhou Xuqiang as at 30 November 2015 were approximately RMB100,317,000 and RMB9,994,000, respectively.

Conditions precedent

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

- (i) the Vendor having owned 100% equity interest in Suzhou Xuqiang;
- (ii) all internal consent and approvals required to be obtained for the execution of the Suzhou Xuqiang Agreements have been obtained by each party involved in the Suzhou Xuqiang Agreements;
- (iii) all relevant information with regards to the Vendor and Suzhou Xuqiang having been disclosed to the Purchaser by each of the Vendor and Suzhou Xuqiang;
- (iv) representations and warranties given by each party involved in the Suzhou Xuqiang Agreements remaining true and accurate in all material respects on the date of the Suzhou Xuqiang Agreements and on the date of completion, and are not intentionally misleading or deceptive; and
- (v) the transactions contemplated under the Suzhou Xuqiang Agreements are in accordance with all applicable laws and regulations.

Consideration

The aggregate consideration for the acquisition of the entire equity interest in Suzhou Xuqiang comprises (i) cash consideration payable by the Purchaser to the Vendor; and (ii) assumption of the Assumed Liabilities, which amounted to approximately RMB149.8 million, and shall be payable in cash in the following manner:

- (i) the consideration in respect of the transfer of the 100% equity interest of Suzhou Xuqiang in the amount of RMB1, shall be payable to the Vendor by the Purchaser upon completion of the registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the change in shareholding;
- (ii) 10% of the Assumed EPC Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB14.38 million, shall be payable to Suzhou Xuqiang by the Purchaser in form of a loan after satisfaction of the following conditions:
 - registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the 95% shareholding of Hefei Liuyuan as a result of the capital injection by the Purchaser having been completed; and the transfer of the company chops, licenses and other assets and documents of Hefei Liuyuan and Hefei Liuyuan Project Company, the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan with Purchaser's nominees, and the replacement of directors, supervisors, managers and legal representatives of Hefei Liuyuan Project Company with Purchaser's nominees having been completed;
 - charge over the entire equity interest in Luan Xuqiang in favour of the Purchaser and the subsequent registration with the relevant State Administration for Industry and Commerce in the PRC having been completed; and among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures and business license of Luan Xuqiang having been transferred to personnel delegated by the Purchaser;
 - among others, the company chops (including but not limited to the company seal, contract and financial seals), authorised signatures, business license of Suzhou Xuqiang having been transferred to personnel delegated by the Purchaser;

- letter of guarantee having been issued by the Guarantors in accordance to the Agreements;
 - the EPC Agreements having been duly executed; and
 - the EPC Contractor having issued a qualification receipt to Suzhou Xuqiang in relation to the Suzhou Xuqiang Project.
- (iii) 80% of the Assumed EPC Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB115.04 million, shall be payable to Suzhou Xuqiang by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (ii) above, and within three (3) months from the satisfaction of the following conditions:
- registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the transfer of the entire equity interest in Suzhou Xuqiang from the Vendor to the Purchaser;
 - the Suzhou Xuqiang Project having commenced grid power generation and completed an error-free test run for 240 hours (on the basis of 8 hours per day);
 - the Suzhou Xuqiang Project having obtained power grid approval and completed other necessary procedures;
 - approval documents with respect to the feed-in tariff (including national subsidies) having been obtained by the Suzhou Xuqiang Project;
 - the Suzhou Xuqiang Project having passed quality inspections and reconciliation of defects and delivery of the Suzhou Xuqiang Project having been completed, showing that the Suzhou Xuqiang Project satisfied quality standards; and
 - the EPC Contractor having issued lawful invoices to Suzhou Xuqiang in relation to the Suzhou Xuqiang Project.

- (iv) 10% of the Assumed EPC Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB14.38 million, shall be payable to Suzhou Xuqiang by the Purchaser in form of a loan upon satisfaction of all conditions mentioned in paragraph (iii) above, and within five (5) Business Days from the satisfaction of the following conditions:
- one year having lapsed from the date of commencing power generation of the Suzhou Xuqiang Project;
 - there have been no accidents and deductions in the Suzhou Xuqiang Project during the warranty period, or on the assumption that there have been accidents or deductions, that all defects have been reconciled or relevant amount payable have been deducted; and
 - the EPC Contractor having issued a qualification receipt to Suzhou Xuqiang in relation to the Suzhou Xuqiang Project;
- (v) 20% of the Assumed Technical Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB1.2 million, shall be payable to Suzhou Xuqiang by the Purchaser in form of a loan within five (5) Business Days from the satisfaction of all conditions mentioned in paragraph (ii) above, and upon issuance of a receipt from the Vendor; and
- (vi) 70% of the Assumed Technical Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB4.2 million, shall be payable to Suzhou Xuqiang by the Purchaser in form of a loan within three (3) months from the satisfaction of all conditions mentioned in paragraph (iii) above, and upon issuance of a receipt from the Vendor; and
- (vii) 10% of the Assumed Technical Liabilities relating to the Suzhou Xuqiang Project, being the amount of RMB0.6 million, shall be payable to the Vendor by Suzhou Xuqiang within five (5) Business Days from the completion of all approval and inspection procedures in accordance with the Suzhou Xuqiang Agreements, and upon issuance of a receipt from the Vendor.

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

The aggregate consideration was determined after arm's length negotiations between the Purchaser, the Vendor and the EPC Contractor after taking into account the unaudited net asset value of Suzhou Xuqiang and the future revenue to be generated by the Suzhou Xuqiang 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 Suzhou Xuqiang Agreements, completion of the acquisition of Suzhou Xuqiang shall take place on the date of completing registration at the relevant State Administration for Industry and Commerce of the PRC and obtaining renewed business license of Suzhou Xuqiang.

INFORMATION OF THE PARTIES

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

The Vendor is a company established in the PRC, which is principally engaged in investment in and development of solar power projects in the PRC.

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 a wholly-owned subsidiary of the Vendor.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Hefei Liuyuan Project Company, Luan Xuqiang and Suzhou Xuqiang are principally engaged in the development and construction of photovoltaic power plants in Hefei City, Luan City and Suzhou 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 assumption of the Assumed Liabilities
“Agreements”	the Hefei Liuyuan Agreements, the Luan Xuqiang Agreements and the Suzhou Xuqiang Agreements entered into between, among others, the Purchaser and the Vendor in respect of the Acquisitions
“Assumed EPC Liabilities”	all debts and liabilities incurred or to be incurred by each of (i) Hefei Liuyuan Project Company in the Hefei Liuyuan Project; (ii) Luan Xuqiang in the Luan Xuqiang Project; and (iii) Suzhou Xuqiang in the Suzhou Xuqiang Project pursuant to the EPC Agreements
“Assumed Liabilities”	Assumed EPC Liabilities and Assumed Technical Liabilities
“Assumed Technical Liabilities”	all debt and liabilities incurred or to be incurred by each of (i) Hefei Liuyuan Project Company in the Hefei Liuyuan Project; (ii) Luan Xuqiang in the Luan Xuqiang Project; and (iii) Suzhou Xuqiang in the Suzhou Xuqiang Project pursuant to the Technical Services Agreements

“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
“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 Agreements”	the agreements entered into by each of Hefei Liuyuan Project Company, Luan Xuqiang and Suzhou Xuqiang with the EPC Contractor in respect of providing engineering, procurement and construction (EPC) services in Hefei Liuyuan Project, Luan Xuqiang Project and Suzhou Xuqiang Project
“EPC Contractor”	江蘇科昱新能源科技有限公司 (Jiangsu Keyu New Energy 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 a wholly-owned subsidiary of the Vendor
“Group”	the Company and its subsidiaries
“Guarantors”	two individual guarantors under the Agreements
“Hefei Liuyuan”	合肥流遠光伏發電投資有限公司 (Hefei Liuyuan Photovoltaic Power Generation Investment Company Limited*), a company established in the PRC and is owned as to 5% by the Vendor (as diluted after the capital injection by the Purchaser)

“Hefei Liuyuan Agreements”	(i) the agreement dated 23 December 2015 entered into between the Purchaser and the Vendor in respect of the capital injection into Hefei Liuyuan; (ii) the agreement dated 23 December 2015 entered into between the Purchaser and the Vendor in respect of the acquisition of the 5% equity interests in Hefei Liuyuan; and (iii) the agreement dated 23 December 2015 entered into between the Purchaser, the Vendor, the EPC Contractor, Hefei Liuyuan, Hefei Liuyuan Project Company and the Guarantors in respect of the Assumed Liabilities
“Hefei Liuyuan Project”	the 40 MW photovoltaic power generation project owned and operated by Hefei Liuyuan Project Company in Hefei City, Anhui Province, the PRC
“Hefei Liuyuan Project Company”	合肥綠聚源光伏發電有限公司 (Hefei Lvju Yuan Photovoltaic Power Generation Company Limited*), a company established in the PRC and is owned as to 100% by Hefei Liuyuan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luan Xuqiang”	六安旭強新能源工程有限公司 (Luan Xuqiang New Energy Engineering Company Limited*), a company established in the PRC and is owned as to 100% by the Vendor
“Luan Xuqiang Agreements”	(i) the agreement dated 23 December 2015 entered into between the Purchaser and the Vendor in respect of the acquisition of the entire equity interests in Luan Xuqiang; and (ii) the agreement dated 23 December 2015 entered into between the Purchaser, the Vendor, the EPC Contractor, Luan Xuqiang and the Guarantors in respect of the Assumed Liabilities
“Luan Xuqiang Project”	the 40 MW photovoltaic power generation project owned and operated by Luan Xuqiang in Luan City, Anhui Province, the PRC

“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”	5% equity interest in Hefei Liuyuan, and 100% equity interest in each of Luan Xuqiang and Suzhou Xuqiang
“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
“Suzhou Xuqiang”	宿州旭强新能源工程有限公司 (Suzhou Xuqiang New Energy Engineering Company Limited*), a company established in the PRC and is owned as to 100% by the Vendor
“Suzhou Xuqiang Agreements”	(i) the agreement dated 23 December 2015 entered into between the Purchaser and the Vendor in respect of the acquisition of the entire equity interests in Suzhou Xuqiang; and (ii) the agreement dated 23 December 2015 entered into between the Purchaser, the Vendor, the EPC Contractor, Suzhou Xuqiang and the Guarantors in respect of the Assumed Liabilities
“Suzhou Xuqiang Project”	the 20 MW photovoltaic power generation project owned and operated by Suzhou Xuqiang in Suzhou City, Anhui Province, the PRC

“Technical Services Agreements”	the agreements entered into by each of Hefei Liuyuan Project Company, Luan Xuqiang and Suzhou Xuqiang with the Vendor in respect of provision of technical services in Hefei Liuyuan Project, Luan Xuqiang Project and Suzhou Xuqiang Project
“Vendor”	江蘇超先電力有限公司 (Jiangsu Chaoxian Power Company Limited*), a company established in the PRC
“%”	per cent

* *For identification purposes only*

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

Hong Kong, 23 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.