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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 INTEREST AND THE ASSUMPTION OF THE ASSUMED EPC LIABILITIES**

#### **THE ACQUISITION**

The Board is pleased to announce that, on 5 January 2016 (after trading hours of the Stock Exchange), the Purchaser, the Vendor, the EPC Contractor and Huolin Jingri entered into the Agreements, pursuant to which, the Purchaser conditionally agreed to acquire the Sale Equity Interest and to assume the Assumed EPC Liabilities.

#### **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the respective Agreements, the Acquisition 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 the Agreements are summarised as follows:

### **PRINCIPAL TERMS OF THE AGREEMENTS**

**Date:**

5 January 2016 (after trading hours of the Stock Exchange)

**Parties:**

*In respect of the acquisition of the entire equity interest in Huolin Jingri*

- (i) the Purchaser;
- (ii) the Vendor;
- (iii) Huolin Jingri; and
- (iv) the Guarantor.

*In respect of the assumption of the Assumed EPC Liabilities*

- (i) the Purchaser;
- (ii) the EPC Contractor; and
- (iii) Huolin Jingri.

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 Guarantor, the EPC Contractor, Huolin Jingri and their respective ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

## Subject matter of the Agreements

Subject to and conditional upon fulfilment of all the conditions precedent set out in the Agreements, the Purchaser conditionally agreed to acquire 100% of the equity interest of Huolin Jingri and to assume the Assumed EPC Liabilities.

Huolin Jingri is a company established in the PRC on 16 September 2014 and is principally engaged in the development and construction of the Huolin Jingri Project. As at the date of this announcement, construction of the Huolin Jingri Project has been completed and the power plant has been connected to the power grid on 12 August 2015.

The financial information of Huolin Jingri as extracted from the unaudited management accounts is summarised as follows:

	<b>From incorporation date to 31 December 2014 (Unaudited) RMB</b>	<b>For the year ended 31 December 2015 (Unaudited) RMB</b>
Net (loss)/profit before taxation	(51,728)	828,919
Net (loss)/profit after taxation	(51,728)	828,919

The unaudited total asset value and net asset value of Huolin Jingri as at 31 December 2015 were approximately RMB243,566,000 and RMB1,777,000, respectively.

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

- (i) the Purchaser having entered into an agreement with the EPC Contractor and Huolin Jingri in respect of the Assumed EPC Liabilities pursuant to which the Purchaser agreed to assume all debts and liabilities incurred by Huolin Jingri therein;
- (ii) all documents and agreements relevant to the transfer of equity interest under the Agreements having been signed; all necessary consents, approvals and authorisations required to be obtained for the execution and performance of the documents having been obtained, and that the signing of the same documents would not constitute a violation of all laws, regulations, articles of association and terms of the contractual arrangement;

- (iii) representations and warranties given by the Vendor under the Agreements remaining complete, true and accurate, and are not deceptive, misleading and there are no other matters the omission of which is considered material;
- (iv) the following documents having been duly provided by the Vendor to the Purchaser:
  - (a) the shareholder meeting resolutions of Huolin Jingri to approve the transfer of the entire equity interest in Huolin Jingri from the Vendor to the Purchaser, and to approve the amendment to the articles of association of Huolin Jingri; and
  - (b) relevant registration certificates and licenses of Huolin Jingri;
- (v) there have been no material adverse change in the business, financial position or assets of Huolin Jingri subsequent to the signing of all transaction documents; and there are no litigation or claims pending or threatened against the legality of the transactions under the Agreements, or which may adversely affect the business operations of Huolin Jingri; and
- (vi) the register of members of Huolin Jingri having been updated in respect of the transfer of equity interest under the Agreements, and the payment certificate having been issued by Huolin Jingri to the Purchaser.

## **Consideration**

The aggregate consideration for the Acquisition comprises (i) cash consideration payable by the Purchaser to the Vendor; and (ii) assumption of the Assumed EPC Liabilities, which amounted to approximately RMB271.11 million, and shall be payable in cash in the following manner:

- (i) the amount of equity consideration, being the amount of RMB1 million, shall be payable to the Vendor by the Purchaser after completion of the registration with the relevant State Administration for Industry and Commerce of the PRC in respect of the change in shareholding, and within three (3) Business Days after issuance of a receipt of due payment by the Vendor;
- (ii) 10% of the Assumed EPC Liabilities relating to the Huolin Jingri Project, being the amount of RMB27.01 million, shall be payable to the EPC Contractor by the Purchaser within three (3) Business Days from the date of the Agreements;

- (iii) 30% of the Assumed EPC Liabilities relating to the Huolin Jingri Project, being the amount of RMB81.03 million, shall be payable to the EPC Contractor by the Purchaser in form of a loan to Huolin Jingri within five (5) Business Days after satisfaction of the following conditions:
- (a) a period of 45 days having lapsed from the effective date of transfer of the entire equity interest of Huolin Jingri;
  - (b) all relevant documentations in connection with Huolin Jingri having been duly transferred to the Purchaser;
  - (c) all relevant original documentations regarding the development, construction and operation of the Huolin Jingri Project having been duly transferred from the EPC Contractor to Huolin Jingri; and
  - (d) the EPC Contractor having issued a receipt to Huolin Jingri in relation to the Huolin Jingri Project.
- (iv) 45% of the Assumed EPC Liabilities relating to the Huolin Jingri Project, being the amount of RMB121.55 million, shall be payable to the EPC Contractor by the Purchaser in form of a loan to Huolin Jingri within five (5) Business Days after satisfaction of the following conditions:
- (a) a period of 90 days having lapsed from the effective date of transfer of the entire equity interest of Huolin Jingri;
  - (b) the Huolin Jingri Project having passed quality inspection carried out by a jointly-appointed third party inspection body showing that the quality standard of the Huolin Jingri Project has fulfilled the necessary requirements specified in the Agreements;
  - (c) all defects in the Huolin Jingri Project and its ancillary facilities having been reconciled;
  - (d) all relevant documentations in connection with the Huolin Jingri Project having been duly transferred to Huolin Jingri;
  - (e) all approval documentations relevant to the financing of Huolin Jingri Project as set out in the Agreements having been obtained;

- (f) all safety, fire control, environmental and overall project inspection and approvals of the Agreements having been completed and/or obtained; and
  - (g) the EPC Contractor having issued a receipt to Huolin Jingri in relation to the Huolin Jingri Project.
- (v) 5% of the Assumed EPC Liabilities relating to the Huolin Jingri Project, being the amount of RMB13.51 million, shall be payable to the EPC Contractor by the Purchaser in form of a loan to Huolin Jingri within five (5) Business Days after satisfaction of the following conditions:
- (a) the approval documentations relevant to the construction and operation of the Huolin Jingri Project as set out in the Agreements having been obtained by the EPC Contractor on behalf of Huolin Jingri; and
  - (b) the EPC Contractor having issued a receipt to Huolin Jingri in relation to the Huolin Jingri Project; and
- (vi) 10% of the Assumed EPC Liabilities relating to the Huolin Jingri Project, being the amount of RMB27.01 million, shall be payable to the EPC Contractor by the Purchaser in form of a loan to Huolin Jingri at the end of the warranty period, assuming satisfaction of the quality standards as set out in the Agreements and no occurrence of any material issues regarding the operations of the Huolin Jingri Project.

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

The 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 Huolin Jingri and the future revenue to be generated by the Huolin Jingri 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 Agreements, completion of the acquisition of Huolin Jingri shall take place on the date of completing registration at the relevant State Administration for Industry and Commerce of the PRC.

## 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 an investment holding company established 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 in the PRC.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Huolin Jingri is principally engaged in the development and construction of a 30MW photovoltaic power plant in Tongliao City (通遼市), Inner Mongolia, the PRC.

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 Acquisition 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 one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Equity Interest and the Assumed EPC Liabilities
“Agreements”	(i) the agreement dated 5 January 2016 entered into between the Purchaser, the Vendor, Huolin Jingri and the Guarantor in respect of the acquisition of the Sale Equity Interest; and (ii) the EPC Agreement
“Assumed EPC Liabilities”	all debts and liabilities incurred by Huolin Jingri in the Huolin Jingri Project pursuant to the EPC Agreement
“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 Agreement”	the agreement dated 5 January 2016 entered into by the Purchaser, the EPC Contractor and Huolin Jingri in respect of providing engineering, procurement and construction (EPC) services in Huolin Jingri Project
“EPC Contractor” or “Guarantor”	浙江正泰新能源開發有限公司 (Zhejiang Zhengtai New Energy Development Company Limited*), a company established in the PRC which is principally engaged in the engineering, procurement and construction (EPC) of solar power plants



“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huolin Jingri”	霍林郭勒競日能源有限公司 (Huolin Guole Jingri Energy Company Limited*), a company established in the PRC and is owned as to 100% by the Vendor
“Huolin Jingri Project”	the 30 MW photovoltaic power generation project owned, constructed and operated by Huolin Jingri in Tongliao City (通遼市), Inner Mongolia, 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 Interest”	100% equity interest in Huolin Jingri
“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

“Vendor” 温州競日機電有限公司 (Wenzhou Jingri Electromechanical 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, 5 January 2016

*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.*