

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

CONNECTED TRANSACTION

SUBSCRIPTION FOR NEW SHARES BY A CONNECTED PERSON

THE SUBSCRIPTION

The Board is pleased to announce that on 5 January 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 5,177,000,000 new Shares in cash at the Subscription Price of HK\$0.66 per Share.

The Subscription Shares represent (i) approximately 52.89% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 34.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price represents a premium of approximately 6.45% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange as at 5 January 2016, being the date of the Subscription Agreement.

SPECIFIC MANDATE

The Subscription Shares will be issued by the Company under the Specific Mandate. An application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares on the Stock Exchange.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is the controlling shareholder of the Company which holds 5,855,820,000 Shares, representing approximately 59.83% of the issued share capital of the Company. It is therefore a connected person of the Company. Accordingly, the Subscription constitutes a non-exempt connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will at the EGM seek approval of the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Subscriber is interested in 5,855,820,000 Shares. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, save for the Subscriber, no Shareholder has a material interest in the Subscription. As such, no Shareholder other than the Subscriber is required to abstain from voting for the resolution to approve the Subscription at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, further details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be despatched by the Company to the Shareholders on or before 22 January 2016.

THE SUBSCRIPTION

On 5 January 2016, the Company and the Subscriber entered into the Subscription Agreement. The principal terms are set out below:

Date

5 January 2016

Parties

- (a) the Company; and
- (b) the Subscriber.

Subscription Shares

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price.

The Subscription Shares represent (i) approximately 52.89% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 34.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$0.66 per Subscription Share. The Subscription Price represents a premium of approximately 6.45% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange as at 5 January 2016, being the date of the Subscription Agreement.

The aggregate amount of the Subscription is approximately HK\$3,416,820,000 (equivalent to approximately RMB2,853,044,000), which will be settled as follows:

- (a) by way of set off against the outstanding principal amount of HK\$1.5 billion (equivalent to approximately RMB1,252.5 million) under the Loan Agreement and interest accrued thereon as at the Completion Date; and
- (b) the balance to be settled by cash by the Subscriber.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares and the business prospects of the Group. The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the independent financial advisor) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions

Completion is conditional upon satisfaction of the following conditions:

- (a) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (b) the approval by the Independent Shareholders of the entering into of the Subscription Agreement and the transactions contemplated thereunder having been obtained in accordance with the Listing Rules; and
- (c) the warranties given by the Subscriber under the Subscription Agreement remaining true and accurate, not misleading and there is no material omission.

The Company may waive the condition in paragraph (c) above in whole or in part. In the event that any of the conditions of the Subscription (other than the condition in paragraph (c) above) is not fulfilled on or before 31 March 2016 or such other date as may be notified to the Subscriber by the Company from time to time or the condition in paragraph (c) above is not fulfilled or waived on or before Completion, the Subscription Agreement will cease and determine and all rights and obligations under the Subscription Agreement will be terminated save for any rights and obligations accrued before the termination.

Completion

Completion will take place on the third business day after the satisfaction of the last of the conditions (other than the condition in paragraph (c) above) (or such other date as may be notified to the Subscriber by the Company in writing).

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

SPECIFIC MANDATE

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Upon completion of the Subscription, the gross proceeds from the Subscription will be approximately HK\$3,416,820,000 (equivalent to approximately RMB2,853,044,000). Net proceeds from the Subscription, after deducting related expenses in connection with the Subscription which will be borne by the Company, are estimated to be approximately HK\$3,415,000,000 (equivalent to approximately RMB2,851,525,000), which would be used by the Company to finance potential investment in and development of photovoltaic power station projects and/or all other general corporate use as more particularly set out below. The net proceeds raised per Subscription Share upon completion of the Subscription are approximately HK\$0.6596.

Intended use of proceeds

As at the date of this announcement, the cash and cash equivalents of the Group, as extracted from the unaudited management accounts of the Group, amounted to approximately RMB1,030 million.

The total cash and cash equivalents of the Group after Completion are detailed as below:

	<i>RMB'000</i>
Cash and cash equivalents of the Group at the date of this announcement	1,030,000
Net proceeds from the Subscription	<u>2,851,525</u>
Total cash and cash equivalent of the Group after Completion	<u><u>3,881,525</u></u>

The intended use of proceeds upon Completion and other cash and cash equivalents of the Group are detailed as below:

(i) remaining balance to be paid in relation to the acquisition of a 30MW photovoltaic project in Weixian County of Hebei Province (details of which are disclosed in the announcement of the Company dated 9 October 2015)	204,200
(ii) remaining balance to be paid in relation to the acquisition of 44.587% equity interest in Zhongke Hengyuan Technology Co., Ltd.* (<i>Note 1</i>) (details of which are disclosed in the announcement of the Company dated 4 December 2015)	337,800
(iii) remaining balance to be paid in relation to the acquisition of a total of 150MW photovoltaic projects in Huzhou City of Zhejiang Province and Guixi City of Jiangxi Province (details of which are disclosed in the announcement of the Company dated 15 December 2015)	825,000
(iv) remaining balance to be paid in relation to the acquisition of a total of 100MW photovoltaic projects in Hefei City, Luan City and Suzhou City of Anhui Province (details of which are disclosed in the announcement of the Company dated 23 December 2015)	430,500
(v) consideration to be paid in relation to the acquisition of a 30MW photovoltaic project in Tongliao City, Inner Mongolia (details of which are disclosed in the announcement of the Company dated 5 January 2016)	271,110
(vi) set-off of the Loan and the interest accrued thereon	1,239,566
(vii) repayment of other borrowings	<u>800,000</u>
Total	<u><u>4,108,176</u></u> <i>(Note 2)</i>

Notes:

1. Completion of the acquisition is subject to the approvals to be obtained from the Shareholders at the extraordinary general meeting to be held on 15 January 2016.
2. The shortfall (when compared with the total cash and cash equivalents of the Group after Completion) would be funded by other means of financing, such as issue of corporate bonds, bank loans, finance leases, etc by the Group.

The Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the independent financial adviser to be appointed by the Company) consider that:

- (i) the Subscription will provide the Company with adequate funds to finance potential investment in and development of photovoltaic power station projects and/or all other general corporate use, which are capital intensive in nature and would enable the Company to seize various opportunities in the photovoltaic power sector within the PRC;
- (ii) the Subscription will strengthen the Company's capital base and financial position while reducing the level of gearing, saving potential finance costs and in turn enhancing the Company's market competitiveness;
- (iii) placing to an existing Shareholder is a more cost-efficient means to raise funds of this scale having considered other means of fund raising including but not limited to debt financing and rights issue. Given the current rising interest rate environment, debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group and subject the Group to repayment obligations. The current volatile equity market and also additional administrative costs in conducting a rights issue will make rights issue an expensive option; and
- (iv) the terms of the Subscription Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (a) immediately before Completion; and (b) immediately after Completion are as follows:

Shareholder	Immediately before Completion (Note 1)		Immediately after Completion (Note 2)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Pohua JT Private Equity Fund L.P. and its associates	5,855,820,000	59.83	11,032,820,000	73.73
Public Shareholders	3,931,622,519	40.17	3,931,622,519	26.27
	<u>9,787,442,519</u>	<u>100.00</u>	<u>14,964,442,519</u>	<u>100.00</u>

Notes:

1. The number of Shares held by the Shareholders mentioned in the table above is based on the information as shown on the website of the Stock Exchange as at the date of this announcement.
2. Figures calculated assuming no change in the issued share capital of the Company from the date of this announcement to the date of Completion.

FUND RAISING EXERCISES IN THE PRIOR 12-MONTH PERIOD

In the 12-month period immediately preceding the date of this announcement, the Company has carried out the following equity fund raising exercises:

Date of announcement	Equity fund raising exercise	Net Proceeds HK\$	Intended use of proceeds	Actual use of proceeds as at date of this announcement
23 March 2015	Placing of 352,000,000 Shares	366.1 million (equivalent to approximately RMB292.9 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	All the proceeds of approximately RMB292.9 million has been utilized to fund acquisitions and/or development of photovoltaic power plants
28 April 2015	Placing of 1,144,700,000 Shares	1,335.0 million (equivalent to approximately RMB1,068.0 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	All the proceeds of approximately RMB1,068.0 million has been utilized to fund acquisitions and/or development of photovoltaic power plants

Save for the equity fund raising activities disclosed above, the Company has not carried out any other equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

PRINCIPAL ACTIVITIES OF THE GROUP

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. As at the date of this announcement, the Group holds various investments in photovoltaic power plants across the PRC.

INFORMATION ON THE SUBSCRIBER

As at the date of this announcement, the Subscriber is the controlling shareholder of the Company which holds 5,855,820,000 Shares, representing approximately 59.83% of the issued share capital of the Company. The general partner of the Subscriber is Pohua JT Capital Partners Limited, which is ultimately held as to 15% by Mr. Zhang Fengwu (through his wholly-owned company, Fortune Financial Holdings (LP) Limited), 16% by Mr. Chang Tat Joel, a non-executive Director of the Company (through his wholly-owned companies, Infinity Gain Enterprises Limited and Cheer Full Management Limited), 49% by Ms. He Sensen (through her wholly-owned company, Golden Port Holdings Limited) and 20% by Mr. Li Haifeng (through his wholly-owned companies, Triumph Alliance Holdings Limited and JT Capital Investments Limited).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is the controlling shareholder of the Company which holds 5,855,820,000 Shares, representing approximately 59.83% of the issued share capital of the Company. It is therefore a connected person of the Company. Accordingly, the Subscription constitutes a non-exempt connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will at the EGM seek approval of the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, save for the Subscriber, no Shareholder has a material interest in the Subscription. As such, no Shareholder other than the Subscriber is required to abstain from voting for the resolution to approve the Subscription at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be dispatched by the Company to the Shareholders on or before 22 January 2016.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board of the Company comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) the Subscriber and its associates and (ii) any other Shareholders who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the Subscription Agreement and the transactions contemplated thereunder at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the term loan in the principal amount of HK\$1.5 billion provided by the Subscriber to the Company pursuant to the loan agreement dated 19 November 2015 entered into between the Company and the Subscriber
“Loan Agreement”	the loan agreement dated 19 November 2015 entered into between the Company and the Subscriber pursuant to which the subscriber provided a term loan in the principal amount of HK\$1.5 billion to the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holders of the Share(s)

“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pohua JT Private Equity Fund L.P., who will subscribe for the Subscription Shares and is a controlling shareholder of the Company
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 5 January 2016 entered into between the Subscriber and the Company
“Subscription Price”	the subscription price of HK\$0.66 per Subscription Share
“Subscription Share(s)”	5,177,000,000 new Share(s)
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into at HK\$1 = RMB0.835.

* *For identification purposes*

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.