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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 ACQUISITION OF FOUR PROJECT COMPANIES**

#### **THE ACQUISITIONS**

The Board is pleased to announce that, on 3 February 2016 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the following Agreements:

- i. the Julu Agreement in relation to the Julu Acquisition;
- ii. the Feixi Agreement in relation to the Feixi Acquisition;
- iii. the Zhangshu Agreement in relation to the Zhangshu Acquisition; and
- iv. the Changshu Honglu Agreement in relation to the Changshu Honglu Acquisition.

#### **LISTING RULES IMPLICATION**

As the Agreements were entered into with the same Vendor, the Acquisitions are aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Agreements, when aggregated, is over 5% and all the applicable ratios are less than 25%, the transactions contemplated under the Agreements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

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- ii. the Feixi Agreement in relation to the Feixi Acquisition;
- iii. the Zhangshu Agreement in relation to the Zhangshu Acquisition; and
- iv. the Changshu Honglu Agreement in relation to the Changshu Honglu Acquisition.

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 and its ultimate beneficial owner, Julu Project Company, Feixi Project Company, Zhangshu Project Company, Changshu Honglu and Changshu Project Company is independent of the Company and connected persons of the Company.

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

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

### **i. the Julu Agreement**

Date:	3 February 2016 (after trading hours of the Stock Exchange)
Parties:	the Purchaser and the Vendor
Subject matter:	the entire equity interest of Julu Project Company

Julu Project Company is a company established in the PRC on 31 May 2015 and is principally engaged in the development and construction of a 21MW photovoltaic power plant located in Julu County, Hebei Province, the PRC. As at the date of this announcement, the construction of the above mentioned power plant has been completed and connected to the power grid since December 2015.

The financial information of Julu Project Company as extracted from its unaudited management accounts is as follows:

- a. the net loss before and after taxation for the year ended 31 December 2015 were approximately RMB7,000 and RMB7,000, respectively.
- b. the total asset value and net asset value of Julu Project Company as at 31 December 2015 were approximately RMB183,000,000 and RMB993,000, respectively.

*Consideration:*

The aggregate consideration for Julu Acquisition amounted to RMB191.1 million, which comprises of (i) cash consideration of RMB1.0 million payable by the Purchaser to the Vendor; and (ii) assumption of the debts and liabilities which amounted to RMB190.1 million as at the date of the Julu Agreement in respect of the engineering, procurement and construction services incurred by Julu Project Company.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited net asset value of Julu Project Company and the expected future revenue to be generated by the power plant held by Julu Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Payment terms:*

The cash consideration of RMB1.0 million will be settled as follows:

- a. 60% (i.e. RMB0.6 million) of the consideration will be settled within five Business Days from the date of the Julu Agreement; and
- b. the remaining 40% (i.e. RMB0.4 million) of the consideration will be settled within five Business Days upon the entire equity interest in Julu Project Company having been transferred to the Purchaser and all relevant registration procedures of the share transfer having been completed (including the obtaining of a new business license).

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

## ii. the Feixi Agreement

Date: 3 February 2016 (after trading hours of the Stock Exchange)

Parties: the Purchaser and the Vendor

Subject matter: the entire equity interest of Feixi Project Company

Feixi Project Company is a company established in the PRC on 2 December 2014 and is principally engaged in the development and construction of a 20MW photovoltaic power plant located in Feixi County, Anhui Province, the PRC. As at the date of this announcement, the construction of the above mentioned power plant has been completed and connected to the power grid since December 2015.

The financial information of Feixi Project Company as extracted from its unaudited management accounts is as follows:

- a. the net loss before and after taxation for the year ended 31 December 2015 were approximately RMB51,000 and RMB51,000, respectively.
- b. There was no profit or loss for the period from its date of incorporation to 31 December 2014, as Feixi Project Company had not yet commenced operation.
- c. the total asset value and net asset value of Feixi Project Company as at 31 December 2015 were approximately RMB172,814,000 and RMB1,948,000, respectively.

### *Consideration:*

The aggregate consideration for Feixi Acquisition amounted to RMB182.0 million, which comprises of (i) cash consideration of RMB2.0 million payable by the Purchaser to the Vendor; and (ii) assumption of the debts and liabilities which amounted to RMB180.0 million as at the date of the Feixi Agreement in respect of the engineering, procurement and construction services incurred by Feixi Project Company.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited net asset value of Feixi Project Company and the expected future revenue to be generated by the power plant held by Feixi Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Payment terms:*

The cash consideration of RMB2.0 million will be settled as follows:

- a. 60% (i.e. RMB1.2 million) of the consideration will be settled within five Business Days from the date of the Feixi Agreement; and
- b. the remaining 40% (i.e. RMB0.8 million) of the consideration will be settled within five Business Days upon the entire equity interest in Feixi Project Company having been transferred to the Purchaser and all relevant registration procedures of the share transfer having been completed (including the obtaining of a new business license).

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

*Other terms:*

Within ten Business Days upon the payment of the amount in (a) above and all the relevant registration procedures of the share transfer having been completed, the Purchaser will procure Yingda Huitong Financial Leasing Co., Ltd.\* (英大匯通融資租賃有限公司) to release the guarantees provided by the Vendor in respect of the finance leases obligations of the Feixi Project Company.

**iii. the Zhangshu Agreement**

Date: 3 February 2016 (after trading hours of the Stock Exchange)

Parties: the Purchaser and the Vendor

Subject matter: the entire equity interest of Zhangshu Project Company

Zhangshu Project Company is a company established in the PRC on 24 March 2015 and is principally engaged in the development and construction of a 30MW photovoltaic power plant located in Zhangshu City, Jiangxi Province, the PRC. As at the date of this announcement, the construction of the above mentioned power plant has been completed and connected to the power grid since January 2016.

The financial information of Zhangshu Project Company as extracted from its unaudited management accounts is as follows:

- a. the net loss before and after taxation for the year ended 31 December 2015 were approximately RMB38,000 and RMB38,000, respectively; and

- b. the total asset value and net asset value of Zhangshu Project Company as at 31 December 2015 were approximately RMB239,977,000 and RMB1,961,000, respectively.

*Consideration:*

The aggregate consideration for Zhangshu Acquisition amounted to RMB264.0 million, which comprises of (i) cash consideration of RMB2.0 million payable by the Purchaser to the Vendor; and (ii) assumption of the debts and liabilities which amounted to RMB262.0 million as at the date of the Zhangshu Agreement in respect of the engineering, procurement and construction services incurred by Zhangshu Project Company.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited net asset value of Zhangshu Project Company and the expected future revenue to be generated by the power plant held by Zhangshu Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Payment terms:*

The cash consideration of RMB2.0 million will be settled as follows:

- a. 60% (i.e. RMB1.2 million) of the consideration will be settled within five Business Days from the date of the Zhangshu Agreement; and
- b. the remaining 40% (i.e. RMB0.8 million) of the consideration will be settled within five Business Days upon the entire equity interest in Zhangshu Project Company having been transferred to the Purchaser and all relevant registration procedures of the share transfer having been completed (including the obtaining of a new business license).

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

#### **iv. the Changshu Honglu Agreement**

Date: 3 February 2016 (after trading hours of the Stock Exchange)

Parties: the Purchaser and the Vendor

Subject matter: the entire equity interest of Changshu Honglu

Changshu Honglu is a company established in the PRC on 9 April 2015 and is principally engaged in investment holding. Its sole investment is holding the entire equity interest of Changshu Project Company, which is principally engaged in the development and construction of a 19.8MW photovoltaic power plant located in Changshu City, Jiangsu Province, the PRC. As at the date of this announcement, the above mentioned power plant is still under construction and is expected to be completed and connected to the power grid in March 2016.

The financial information of Changshu Honglu as extracted from its unaudited consolidated management accounts is as follows:

- a. the net loss before and after taxation for the year ended 31 December 2015 were approximately RMB1,000 and RMB1,000, respectively; and
- b. the total asset value and net asset value of Changshu Honglu as at 31 December 2015 were approximately RMB146,400,000 and RMB999,000, respectively.

#### *Consideration:*

The aggregate consideration for Changshu Honglu Acquisition amounted to RMB180.18 million, which comprises of (i) cash consideration of RMB1.0 million payable by the Purchaser to the Vendor; and (ii) assumption of the debts and liabilities which amounted to RMB179.18 million as at the date of the Changshu Honglu Agreement in respect of the engineering, procurement and construction services incurred by Changshu Project Company.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited consolidated net asset value of Changshu Honglu and the expected future revenue to be generated by the power plant held by Changshu Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Payment terms:*

The cash consideration of RMB1.0 million will be settled as follows:

- a. 60% (i.e. RMB0.6 million) of the consideration will be settled within five Business Days from the date of the Changshu Honglu Agreement; and
- b. the remaining 40% (i.e. RMB0.4 million) of the consideration will be settled within five Business Days upon the entire equity interest in Changshu Honglu having been transferred to the Purchaser and all relevant registration procedures of the share transfer having been completed (including the obtaining of a new business license).

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

## **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 the investment in and development of solar power projects in the PRC.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Company is principally engaged in properties investment, manufacturing and sale of life-like plants, investment in and development of photovoltaic power plants and trading of equipments related to photovoltaic power stations in the PRC. The Company has, since late April 2014, entered into a number of memoranda of understanding and agreements for investment in and 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.



## **LISTING RULES IMPLICATION**

As the Agreements were entered into with the same Vendor, the Acquisitions are aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Agreements, when aggregated, is over 5% and all the applicable ratios are less than 25%, the transactions contemplated under the Agreements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisitions”	the acquisition of the entire equity interest of each the Julu Project Company, Feixi Project Company, Zhangshu Project Company and Changshu Honglu
“Agreements”	the Julu Agreement, Feixi Agreement, Zhangshu Agreement and Changshu Honglu Agreement
“Board”	the board of the Directors
“Business Day(s)”	any day, except Saturday, Sunday and a day as required and authorised by law, on which banks in the PRC are not open for business
“Changshu Honglu Acquisition”	the acquisition of the entire equity interest of Changshu Honglu
“Changshu Honglu Agreement”	the agreement dated 3 February 2016 entered into between the Vendor and Purchaser in respect of the acquisition of the entire equity interest of Changshu Honglu
“Changshu Honglu”	常熟宏略光伏電站開發有限公司 (Changshu Honglu Photovoltaic Power Plants Development Co., Ltd.*), a company established in the PRC and 100% owned by the Vendor
“Changshu Project Company”	嵊州懿暉光伏發電有限公司 (Shengzhou Yihui Photovoltaic Power Ltd.*), a company established in the PRC and is owned as to 100% by Changshu Honglu

“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
“Feixi Acquisition”	the acquisition of the entire equity interest of Feixi Project Company
“Feixi Agreement”	the agreement dated 3 February 2016 entered into between the Vendor and Purchaser in respect of the acquisition of the entire equity interest of Feixi Project Company
“Feixi Project Company”	肥西中暉光伏發電有限公司 (Feixi Zhonghui Photovoltaic Power Ltd.*), a company established in the PRC and 100% owned by the Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Julu Acquisition”	the acquisition of the entire equity interest of Julu Project Company
“Julu Agreement”	the agreement dated 3 February 2016 entered into between the Vendor and Purchaser in respect of the acquisition of the entire equity interest of Julu Project Company
“Julu Project Company”	巨鹿縣明暉太陽能發電有限公司(Julu Minghui Photovoltaic Power Ltd.*), a company established in the PRC and 100% owned by the Vendor
“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
“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”	北京正則通科技發展有限公司 (Beijing Zhengzetong Technology Development Co., Ltd.*), a company established in the PRC
“Zhangshu Acquisition”	the acquisition of the entire equity interest of Zhangshu Project Company
“Zhangshu Agreement”	the agreement dated 3 February 2016 entered into between the Vendor and Purchaser in respect of the acquisition of the entire equity interest of Zhangshu Project Company
“Zhangshu Project Company”	樟樹市中利騰暉光伏有限公司 (Zhangshu Zhongli Tenghui Photovoltaic Power Ltd.*), a company established in the PRC and 100% owned by the Vendor
“%”	per cent

\* For identification purposes only

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

Hong Kong, 3 February 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.*