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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 TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF TWO PROJECT COMPANIES WITH A TOTAL OF 60 MW CAPACITY

THE ACQUISITIONS

The Board is pleased to announce that, on 30 June 2016 (after trading hours of the Stock Exchange), the following agreements were entered into by members of the Group:

- (i) Tianhua New Energy (a wholly-owned subsidiary of the Company) as the purchaser entered into the Jingyang Acquisition Agreement with Shaanxi Jingyang as the vendor, the EPC Contractor and Jingyang Project Company, pursuant to which Tianhua New Energy conditionally agreed to acquire the entire equity interest of Jingyang Project Company and to assume the Assumed Jingyang EPC Liabilities; and
- (ii) Tianhao New Energy (a wholly-owned subsidiary of the Company) as the purchaser entered into the Wanhe Shun Acquisition Agreement with Mr. Lo as the vendor, the EPC Contractor and Wanhe Shun Project Company, pursuant to which Tianhao New Energy conditionally agreed to acquire the entire equity interest of Wanhe Shun Project Company and to assume the Assumed Wanhe Shun EPC Liabilities.

LISTING RULES IMPLICATIONS

As the Acquisition Agreements were entered into with the same EPC Contractor, the Acquisitions are aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules), when aggregated, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreements constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements 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 Acquisition 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.

Trading in the shares of the Company has been suspended since 9:00 a.m. on 1 April 2016 at the request of the Company and will remain suspended until further notice. The release of this announcement does not necessarily indicate that trading in the shares of the Company will be resumed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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- (ii) Tianhao New Energy (a wholly-owned subsidiary of the Company) as the purchaser entered into the Wanhe Shun Acquisition Agreement with Mr. Lo as the vendor, the EPC Contractor and Wanhe Shun Project Company, pursuant to which Tianhao New Energy conditionally agreed to acquire the entire equity interest of Wanhe Shun Project Company and to assume the Assumed Wanhe Shun EPC Liabilities.

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

PRINCIPAL TERMS OF THE JINGYANG ACQUISITION AGREEMENT

Date

30 June 2016 (after trading hours of the Stock Exchange)

Parties

- (i) Tianhua New Energy (a wholly-owned subsidiary of the Company), as the purchaser;
- (ii) Shaanxi Jingyang, as the vendor;
- (iii) the EPC Contractor; and
- (iv) Jingyang 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 Shaanxi Jingyang, the EPC Contractor, Jingyang Project Company and their respective ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

Subject matter of the Jingyang Acquisition Agreement

Subject to and conditional upon fulfilment of all the conditions precedent as set out in the Jingyang Acquisition Agreement, Tianhua New Energy conditionally agreed to acquire the entire equity interest of Jingyang Project Company and to assume the Assumed Jingyang EPC Liabilities.

The Jingyang Project Company is a company established in the PRC on 31 March 2014 and is principally engaged in the investment and development of a 30 MW photovoltaic power plant located in Jingyang, Dingbian County, the PRC. As at the date of this announcement, the construction of the power plant has been completed and the power plant is connected to the power grid on 24 June 2016.

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

	From incorporation date to 31 December 2014 (Unaudited) RMB	For the year ended 31 December 2015 (Unaudited) RMB	For the period from 1 January 2016 to 31 May 2016 (Unaudited) RMB
Net loss before taxation	nil	80,472	95,502
Net loss after taxation	nil	80,472	95,502

The unaudited total asset value and net asset value of Jingyang Project Company as at 31 May 2016 were approximately RMB250,383,000 and RMB824,000, respectively.

Consideration

The aggregate consideration comprises (i) cash consideration payable by Tianhua New Energy to Shaanxi Jingyang; and (ii) the assumption of the Assumed Jingyang EPC Liabilities, which amounted to RMB264,000,000 in total and shall be satisfied by internal resources of the Group. The cash consideration, being the amount of RMB1,000,000 shall be payable in cash by Tianhua New Energy within three (3) Business Days 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 upon Tianhua New Energy receiving of a receipt of due payment issued by Shaanxi Jingyang.

The consideration was determined after arm's length negotiations between Tianhua New Energy, Shaanxi Jingyang and the EPC Contractor after taking into account the unaudited net asset value of Jingyang Project Company and the expected future revenue to be generated by the power plant owned by the Jingyang Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent

Completion of the Jingyang Acquisition Agreement is subject to and conditional upon fulfilment of the following conditions precedent:

- (i) Shaanxi Jingyang having the right of disposal over the Jingyang Project Company, and having the ability to procure direct or indirect acquisition of the entire equity interest of the Jingyang Project Company by Tianhua New Energy in accordance with the Jingyang Acquisition Agreement;
- (ii) all necessary consents and authorisations required to be obtained for the execution of the Jingyang Acquisition Agreement having been obtained;
- (iii) all relevant information regarding Shaanxi Jingyang and the Jingyang Project Company having been fully disclosed to Tianhua New Energy by Shaanxi Jingyang and the Jingyang Project Company;
- (iv) representations and warranties given by each of the parties under the Jingyang Acquisition Agreement remaining complete, true and accurate in all material respects upon execution and completion of the Jingyang Acquisition Agreement, and there are no intentional omissions and are not deceptive or misleading; and
- (v) the transactions contemplated under the Jingyang Acquisition Agreement would not constitute a violation of any applicable laws and relevant regulations.

PRINCIPAL TERMS OF THE WANHE SHUN ACQUISITION AGREEMENT

Date

30 June 2016 (after trading hours of the Stock Exchange)

Parties

- (i) Tianhao New Energy (a wholly-owned subsidiary of the Company), as the purchaser;
- (ii) Mr. Lo, as the vendor;
- (iii) the EPC Contractor; and
- (iv) Wanhe Shun 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 Mr. Lo, the EPC Contractor, Wanhe Shun Project Company and their respective ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

Subject matter of the Wanhe Shun Acquisition Agreement

Subject to and conditional upon fulfilment of all the conditions precedent as set out in the Wanhe Shun Acquisition Agreement, Tianhao New Energy conditionally agreed to acquire the entire equity interest of Wanhe Shun Project Company and to assume the Assumed Wanhe Shun EPC Liabilities.

The Wanhe Shun Project Company is a company established in the PRC on 6 February 2015 and is principally engaged in the investment and development of a 30 MW photovoltaic power plant located in Wanhe Shun, Dingbian County, the PRC. As at the date of this announcement, the construction of the power plant has been completed and the power plant is connected to the power grid on 25 June 2016.

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

	From incorporation date to 31 December 2015 (Unaudited) RMB	For the period from 1 January 2016 to 31 May 2016 (Unaudited) RMB
Net loss before taxation	4,248	145,652
Net loss after taxation	4,248	145,652

The unaudited total asset value and net asset value of Wanhe Shun Project Company as at 31 May 2016 were approximately RMB246,573,000 and RMB2,850,000, respectively.

Consideration

The aggregate consideration comprises (i) cash consideration payable by Tianhao New Energy to Mr. Lo; and (ii) the assumption of the Assumed Wanhe Shun EPC Liabilities, which amounted to RMB264,000,000 in total and shall be satisfied by internal resources of the Group. The cash consideration, being the amount of RMB3,000,000 shall be payable in cash by Tianhao New Energy within three (3) Business Days 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 upon Tianhao New Energy receiving of a receipt of due payment issued by Mr. Lo.

The consideration was determined after arm's length negotiations between Tianhao New Energy, Mr. Lo and the EPC Contractor after taking into account the unaudited net asset value of Wanhe Shun Project Company and the expected future revenue to be generated by the power plant owned by the Wanhe Shun Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent

Completion of the Wanhe Shun Acquisition Agreement is subject to and conditional upon fulfilment of the following conditions precedent:

- (i) Mr. Lo having the right of disposal over the Wanhe Shun Project Company, and having the ability to procure direct or indirect acquisition of the entire equity interest of Wanhe Shun Project Company by Tianhao New Energy in accordance with the Wanhe Shun Acquisition Agreement;
- (ii) all necessary consents and authorisations required to be obtained for the execution of the Wanhe Shun Acquisition Agreement having been obtained;
- (iii) all relevant information regarding Mr. Lo and the Wanhe Shun Project Company having been fully disclosed to Tianhao New Energy by Mr. Lo and the Wanhe Shun Project Company;
- (iv) representations and warranties given by each of the parties under the Wanhe Shun Acquisition Agreement remaining complete, true and accurate in all material respects upon execution and completion of the Wanhe Shun Acquisition Agreement, and there are no intentional omissions and are not deceptive or misleading; and
- (v) the transactions contemplated under the Wanhe Shun Acquisition Agreement would not constitute a violation of any applicable laws and relevant regulations.

INFORMATION OF THE PARTIES

Each of Tianhua New Energy and Tianhao New Energy is a company established in the PRC and a wholly-owned subsidiary of the Company. They are principally engaged in investment holding.

Shaanxi Jingyang is a company established in the PRC which is principally engaged in the development of clean energy and photovoltaic power generation in Dingbian County, Shaanxi Province, 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 ENTERING INTO THE ACQUISITION AGREEMENTS

The Company is principally engaged in the investment in and development of photovoltaic power plants and trading of equipments related to photovoltaic power stations, properties investment, trading of life-like plants in the PRC.

The Directors are of the view that the Acquisitions are in line with the business objectives of the Company and signify the furtherance of the Group's initiative into the photovoltaic power sector in the PRC, thereby presenting opportunities for the Group's long term development. Based on the above, the Directors consider that the terms of the Acquisition Agreements have been entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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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 interests in the Project Companies and the assumption of the Assumed EPC Liabilities
“Acquisition Agreements”	the Jingyang Acquisition Agreement and the Wanhe Shun Acquisition Agreement
“Assumed EPC Liabilities”	the Assumed Jingyang EPC Liabilities and the Assumed Wanhe Shun EPC Liabilities
“Assumed Jingyang EPC Liabilities”	all debts and liabilities incurred by Jingyang Project Company pursuant to the Jingyang EPC Agreement
“Assumed Wanhe Shun EPC Liabilities”	all debts and liabilities incurred by Wanhe Shun Project Company pursuant to the Wanhe Shun 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 Contractor”	江蘇天普新能源有限公司 (Jiangsu Tianpu New Energy Co., Ltd.*), 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
“Jingyang Acquisition Agreement”	the acquisition agreement dated 30 June 2016 entered into between Tianhua New Energy, Shaanxi Jingyang and Jingyang Project Company in respect of the acquisition of the entire equity interest of the Jingyang Project Company
“Jingyang EPC Agreement”	the agreement dated 30 December 2015 and entered into by the EPC Contractor and the Jingyang Project Company in respect of the provision of engineering, procurement and construction (EPC) services
“Jingyang Project Company”	定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.*), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	羅濤濤, the owner of the entire equity interest of Wanhe Shun Project Company before the Wanhe Shun Acquisition Agreement
“MW”	mega watts
“PRC”	The People’s Republic of China
“Project Companies”	the Jingyang Project Company and the Wanhe Shun Project Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Jingyang”	陝西晶陽昱輝電力科技有限公司 (Shaanxi Jingyang Juhui Electric Technology Co., Ltd.*), a company established in the PRC and the owner of the entire equity interest of Jingyang Project Company before the Jingyang Acquisition Agreement
“Share(s)”	ordinary share(s) in the share capital of the Company

“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianhao New Energy”	常州市金壇區天昊新能源有限公司 (Changzhou City Jintan District Tianhao New Energy Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Tianhua New Energy”	常州市金壇區天燁新能源有限公司 (Changzhou City Jintan District Tianhua New Energy Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Wanhe Shun Acquisition Agreement”	the acquisition agreement dated 30 June 2016 entered into between Tianhao New Energy, Mr. Lo and Wanhe Shun Project Company in respect of the acquisition of the entire equity interest of the Wanhe Shun Project Company
“Wanhe Shun EPC Agreement”	the agreement dated 30 December 2015 and entered into by the EPC Contractor and the Wanhe Shun Project Company in respect of the provision of engineering, procurement and construction (EPC) services
“Wanhe Shun Project Company”	定邊縣萬和順新能源發電有限公司 (Dingbian Wanhe Shun New Energy Power Generation Co., Ltd.*), 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, 30 June 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.