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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 TIESHAN PROJECT COMPANY

THE ACQUISITION

On 25 July 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Yingli Power Investment, the Tieshan Project Company and the EPC Contractor, pursuant to which (i) the Purchaser agreed to acquire, and Yingli Power Investment agreed to sell, the entire equity interests in the Tieshan Project Company; (ii) the Purchaser agreed to assume the Assumed Tieshan Project Company EPC Liabilities; and (iii) the Purchaser agreed to pay Yingli Power Investment the Tieshan Consultancy Fee on behalf of the Tieshan Project Company after completion of the transfer of the entire equity interests in the Tieshan Project Company.

Upon completion of the transfer of the entire equity interests in the Tieshan Project Company, the Tieshan Project Company will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yingli Power Investment is the holding company of Shaanxi Yingli New Power (the vendor in the Previous Acquisition), the Acquisition is thus aggregated with the Previous Acquisition pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition, when aggregated with the Previous Acquisition, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreement constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the terms of the Acquisition Agreement is subject to and conditional upon satisfaction of the conditions set out in the Acquisition Agreement, 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.

CONTINUAL SUSPENSION OF TRADING

Trading in the Shares 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 will be resumed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

BACKGROUND

On 1 February 2016, the Purchaser entered into the Previous Acquisition Agreement with Shaanxi Yingli New Power, the Qianyang Project Company and the EPC Contractor, pursuant to which the Purchaser agreed to acquire, and Shaanxi Yingli New Power agreed to sell, the entire equity interests in the Qianyang Project Company to the Purchaser at a total consideration of RMB166,365,000. The transfer of the entire equity interests in the Qianyang Project Company was completed on 28 June 2016 and the Qianyang Project Company became a wholly-owned subsidiary of the Company and its accounts were consolidated into the financial statements of the Group.

On 25 July 2016 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement with Yingli Power Investment (the holding company of Shaanxi Yingli New Power), the Tieshan Project Company and the EPC Contractor, pursuant to which the Purchaser agreed to acquire, and Yingli Power Investment agreed to sell, the entire equity interests in the Tieshan Project Company.

THE ACQUISITION

Date

25 July 2016 (after trading hours of the Stock Exchange)

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company;
- (ii) Yingli Power Investment;
- (iii) the Tieshan Project Company; and
- (iv) the EPC Contractor.

The EPC Contractor is a wholly-owned subsidiary of Zhongke Hengyuan, the equity interests of which is held as to approximately 15.29% by the Group as at the date of this announcement.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the EPC Contractor, Yingli Power Investment and the Tieshan Project Company and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the terms of the Acquisition Agreement, (i) the Purchaser agreed to acquire, and Yingli Power Investment agreed to sell, the entire equity interests in the Tieshan Project Company; (ii) the Purchaser agreed to assume the Assumed Tieshan Project Company EPC Liabilities; and (iii) the Purchaser agreed to pay Yingli Power Investment the Tieshan Consultancy Fee on behalf of the Tieshan Project Company after completion of the transfer of the entire equity interest in the Tieshan Project Company.

Consideration

The aggregate consideration for the Acquisition is RMB238,741,800, which comprises, and shall be settled by the Purchaser, as follows:

- (i) a cash consideration of RMB2,000,000 for the entire equity interests in the Tieshan Project Company shall be paid by the Purchaser to Yingli Power Investment 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 transfer of equity interests in the Tieshan Project Company;
- (ii) an amount of RMB230,741,800, being the Assumed Tieshan Project Company EPC Liabilities shall be jointly and severally assumed by the Purchaser with the Tieshan Project Company; and
- (iii) an amount of RMB6,000,000, being the Tieshan Consultancy Fee, shall be paid by the Purchaser on behalf of the Tieshan Project Company after completion of the transfer of the entire equity interests of the Tieshan Project Company.

The aggregate consideration for the Acquisition shall be satisfied by internal resources of the Group.

Basis of Consideration

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Acquisition Agreement after taking into account the unaudited net asset value of the Tieshan Project Company and the expected future revenue to be generated by the power plant owned by the Tieshan 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 Acquisition Agreement is conditional upon the satisfaction of the following conditions:

- (a) Yingli Power Investment having the legal right to transfer, and the power to procure the obtaining by the Purchaser of, the entire equity interests in the Tieshan Project Company;

- (b) the parties to the Acquisition Agreement having obtained all the necessary internal approval and authorisations required for the entering into of the Acquisition Agreement;
- (c) Yingli Power Investment and the Tieshan Project Company having disclosed to the Purchaser all the relevant information of the Tieshan Project Company;
- (d) all the representations and warranties of the respective parties to the Acquisition Agreement being true, effective and complete as at the date of the Acquisition Agreement and as at the completion of the transfer of the equity interests in the Tieshan Project Company; and
- (e) the transactions contemplated under the Acquisition Agreement being in compliance with the relevant laws and regulations.

Information on Yingli Power Investment, the EPC Contractor and the Tieshan Project Company

Yingli Power Investment, the holding company of Shaanxi Yingli New Power, is a company established in the PRC which is principally engaged in the investment in and development of photovoltaic power plants in the PRC.

The EPC Contractor is principally engaged in the engineering, procurement and construction (“EPC”) of solar power plants in the PRC and was engaged by the Tieshan Project Company to provide EPC services for the Tieshan Project since December 2015. The EPC Contractor is a wholly-owned subsidiary of Zhongke Hengyuan, the equity interests of which is held as to approximately 15.29% by the Group as at the date of this announcement.

The Tieshan Project Company is a company established in the PRC and is a wholly-owned subsidiary of Yingli Power Investment as at the date of the Acquisition Agreement. The Tieshan Project Company is principally engaged in the investment in and development of a 30 MW photovoltaic power plant located in Tieshan District, Huangshi City, Hubei Province of the PRC. As at the date of this announcement, the construction of the Tieshan Project has been completed and the power plant is connected to the power grid.

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

	For the year ended 31 December 2014 (Unaudited) RMB	For the year ended 31 December 2015 (Unaudited) RMB
Net loss before taxation	113,681	107,771
Net loss after taxation	113,681	107,771

The unaudited net asset value and total asset value of the Tieshan Project Company as at 31 December 2015 were approximately RMB1,778,000 and RMB18,872,000, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

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 Acquisition is 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 Agreement 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

As at the date of this announcement, Yingli Power Investment is the holding company of Shaanxi Yingli New Power (the vendor in the Previous Acquisition), the Acquisition is thus aggregated with the Previous Acquisition pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition, when aggregated with the Previous Acquisition, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreement constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the terms of the Acquisition Agreement is subject to and conditional upon satisfaction of the conditions set out in the Acquisition Agreement, 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.

CONTINUAL SUSPENSION OF TRADING

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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 entire equity interests in the Tieshan Project Company and the assumption of the Assumed Tieshan Project Company EPC Liabilities pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 25 July 2016 entered into between the Purchaser, Yingli Power Investment, the Tieshan Project Company and the EPC Contractor in respect of the Acquisition
“Assumed Tieshan Project Company EPC Liabilities”	all the debts and liabilities incurred by the Tieshan Project Company under the relevant EPC contract with the EPC Contractor for the Tieshan Project in the amount of RMB230,741,800
“Board”	the board of the Directors
“Business Day(s)”	any days, 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”	中科恒源(益陽)新能源科技有限公司 (Zhongke Hengyuan (Yiyang) New Power Technology Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of Zhongke Hengyuan
“Group”	the Company and its subsidiaries
“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
“MW”	mega watts
“PRC”	The People’s Republic of China
“Previous Acquisition”	the acquisition of the entire equity interests in the Qianyang Project Company pursuant to the Previous Acquisition Agreement
“Previous Acquisition Agreement”	the acquisition agreement dated 1 February 2016 entered into between the Company, Shaanxi Yingli New Power, the Qianyang Project Company and the EPC Contractor in respect of the Previous Acquisition
“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

“Qianyang Project”	a 20 MW photovoltaic power plant owned by Qianyang Project Company in Baoji City, Qianyang county, Shaanxi Province of the PRC
“Qianyang Project Company”	千陽縣寶源光伏電力開發有限公司(Qianyang Baoyuan Photovoltaic Power Development Co., Ltd.*), a company established in the PRC and principally engaged in the investment in and development of the Qianyang Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Yingli New Power”	陝西英利新能源有限公司(Shaanxi Yingli New Power Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of Yingli Power Investment
“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tieshan Consultancy Fee”	the consultancy fee payable by the Tieshan Project Company to Yingli Power Investment under the relevant consultancy agreement, in the amount of RMB6,000,000
“Tieshan Project”	a 30 MW photovoltaic power plant owned by Tieshan Project Company in Tieshan District, Huangshi City, Hubei Province of the PRC
“Tieshan Project Company”	黃石黃源光伏電力開發有限公司 (Huangshi Huangyuan Photovoltaic Power Development Co., Ltd.*), a company established in the PRC and principally engaged in the investment in and development of the Tieshan Project
“Yingli Power Investment”	英利光伏電力投資集團有限公司 (Yingli Photovoltaic Power Investment Group Co., Ltd.*), a company established in the PRC

“Zhongke Hengyuan”

中科恒源科技股份有限公司 (Zhongke Hengyuan Co., Ltd*), a company established in the PRC

“%”

per cent

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

Hong Kong, 25 July 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.

* *For identification purposes only*