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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 THE PARTNERSHIP AGREEMENT

On 11 October 2016, Partner A, Partner B and Kong Sun Yongtai, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement in relation to the formation of the Limited Partnership for carrying out investments. The total capital commitment of the Limited Partnership is RMB3,001,000,000. The capital contribution by Partner A, Partner B and Kong Sun Yongtai will be RMB1,000,000, RMB2,550,000,000 and RMB450,000,000, respectively. It is intended that the Limited Partnership will primarily invest in the high-tech and emerging industries, the energy industry and other high-growth unlisted enterprises.

As one or more applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceed 5% and all of such ratios are less than 25%, the entering into of the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE PARTNERSHIP AGREEMENT

Date:

11 October 2016

Parties:

1. Partner A, as general partner;
2. Partner B, as senior limited partner; and
3. Kong Sun Yongtai, as junior limited partner.

Kong Sun Yongtai is a wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Partner A and Partner B and their respective ultimate beneficial owners is independent of the Company and its connected persons.

Capital contribution

Pursuant to the Partnership Agreement, each of the Partners shall make capital contribution in cash to the Limited Partnership as follows:

Partners	Total capital contribution (RMB)	Approximate equity interest in the Limited Partnership
Partner A	1,000,000	0.03332%
Partner B	2,550,000,000	84.97168%
Kong Sun Yongtai	450,000,000	14.99500%
Total	<u>3,001,000,000</u>	<u>100.00000%</u>

Pursuant to the terms of the Partnership Agreement, the capital contribution of the Partners shall be made based on the actual investment needs of the Limited Partnership in accordance with the equity ratio above and at such times and in such amounts as Partner A may specify in a notice to the Partners. Partner A and Kong Sun Yongtai shall make capital contribution to the Limited Partnership before Partner B makes its capital contribution.

The total amount of capital contribution to be made by each of the Partners to the Limited Partnership has been arrived at after arm's length negotiations between the Partners, with reference to, among others, the projected capital requirements of the Limited Partnership. The Group intends to finance its capital contribution by using the internal resources of the Group.

Upon completion of the above capital contribution by Kong Sun Yongtai, Kong Sun Yongtai's investment in the Limited Partnership will be accounted for as other investment of the Group and its financial results will not be consolidated into the consolidated financial statements of the Group.

Pursuant to the terms of the Partnership Agreement, the Partners may increase their capital contribution to the Limited Partnership subject to the approval of a two-thirds majority of the Partners.

Business scope of the Limited Partnership

The business scope of the Limited Partnership is investments, investment management and investment consultancy. It is intended that the Limited Partnership will primarily invest in the high-tech and emerging industries, the energy industry and other high-growth unlisted enterprises.

Term of the Limited Partnership

The term of the Limited Partnership shall be five years from the date of issue of the business license. Subject to the terms of the Partnership Agreement, the Limited Partnership can be terminated earlier with the unanimous consent of the Partners. The term of the Limited Partnership may also be extended by not more than two years with the unanimous consent of the Partners.

Management Fees

The Limited Partnership shall pay management fees (the "**Management Fees**") to Partner A pursuant to the terms of the Partnership Agreement.

Profit Distribution

Pursuant to the terms of the Partnership Agreement, when net profits are available for distribution after deducting the Management Fees and other operating expenses incurred during the Limited Partnership (the "**Distributable Profits**"), the Limited Partnership shall first distribute to Partner B an amount equal to an annualised rate of return of 9% (the "**Basic Return**") on the actual capital contribution of Partner B (calculated from the point in time when such capital contribution is actually made). Subsequent to the distribution of the Basic Return to Partner B, if there is any surplus in the Distributable Profits (the "**Surplus**"), the Limited Partnership shall distribute (i) 20% of the Surplus to Partner B; and (ii) 80% of the Surplus to Kong Sun Yongtai.

If the Distributable Profits are not sufficient to settle the Basic Return to Partner B, the Limited Partnership shall nonetheless distribute the Distributable Profits to Partner B first and Kong Sun Yongtai shall compensate Partner B with the relevant shortfall amount, which shall be limited to the amount of capital contribution of Kong Sun Yongtai.

Loss sharing

Loss incurred by the Limited Partnership shall be borne by the assets of the Limited Partnership. If the assets of the Limited Partnership are insufficient to cover such loss, Partner B and Kong Sun Yongtai, as limited partners, shall assume liability which shall be limited to their respective capital contribution while the liability of Partner A, as general partner, towards the debts of the Limited Partnership shall be unlimited. In all circumstances, any loss suffered by Partner B which shall be compensated by Kong Sun Yongtai shall be limited to the amount of Kong Sun Yongtai's capital contribution.

Management of the Limited Partnership

Partner A, as general partner, is responsible for the day-to-day operation and management of the Limited Partnership and Partner A is the executive partner of the Limited Partnership.

Matters which shall be determined by the unanimous approval of the Partners include the amendment of certain terms of the Partnership Agreement involving substantive rights and obligations of the Partners, the extension of the term of the Limited Partnership, the amendment of the business scope, name and principal place of business of the Limited Partnership and the appointment or removal of intermediaries which undertake the Limited Partnership's investment business.

Matters which shall be determined by the approval of a two-thirds majority of the Partners include the entry and exit of Limited Partners, the election of a new general partner, the determination of the increase or decrease of the Partners' capital contribution, the acquisition or disposal of properties and other material assets of the Limited Partnership and the merger or dissolution of the Limited Partnership.

Transfer of interest in the Limited Partnership

Kong Sun Yongtai undertook to Partner B under the Partnership Agreement that (i) it shall not exit from the Limited Partnership or dispose of its interest in the Limited Partnership before Partner B receives its capital contribution and the Basic Return pursuant to the terms of the Partnership Agreement; and (ii) when Partner B transfers its interests in the Limited Partnership, Kong Sun Yongtai shall compensate Partner B any shortfall amount to make up

for the amount of the Basic Return that Partner B should receive under the Partnership Agreement, provided that such shortfall amount shall be limited to Kong Sun Yongtai's capital contribution.

Any transfer of a Partner's interest in the Limited Partnership is subject to the approval of a two-thirds majority of the Partners and is also subject to the right of first refusal of the other Partners.

INFORMATION ON THE GROUP AND KONG SUN YONGTAI

The Group 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.

Kong Sun Yongtai is a wholly-owned subsidiary of the Company and is a limited liability company established in the PRC. Kong Sun Yongtai is engaged in investment in and development of photovoltaic power stations in the PRC.

INFORMATION ON PARTNER A AND PARTNER B

Partner A is a limited liability company established in the PRC and is principally engaged in fund management in the PRC.

Partner B is a limited liability company established in the PRC and is principally engaged in property insurance and financial investment businesses in the PRC.

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE PARTNERSHIP AGREEMENT

Taking into consideration the business prospects of the proposed investment scope of the Limited Partnership and the solid experience and capabilities of the Partners in capital investments and acquisitions, the Company considers that the formation of the Limited Partnership represents an opportunity for the Group to capture future potential capital gain and enhance returns to the Shareholders. In addition, one of the investment objectives of the Limited Partnership is to invest in the energy industry, which includes solar energy projects. As a limited partner, the Group could introduce its solar energy projects to the investment committee of the Limited Partnership, which in turn provides a chance for additional source of funding for the Group's projects.

Accordingly, the Directors are of the view that the entering into of the Partnership Agreement is in line with the overall development strategy of the Group and that the terms of the Partnership Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As one or more applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceed 5% and all of such ratios are less than 25%, the entering into of the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

“Basic Return”	has the meaning ascribed to it in the paragraph headed “Profit Distribution”
“Board”	the board of Directors
“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)”	the director(s) of the Company
“Distributable Profits”	has the meaning ascribed to it in the paragraph headed “Profit Distribution”
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kong Sun Yongtai”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Limited Partnership”	a limited partnership to be established in the PRC pursuant to the Partnership Agreement under the name of 嘉興盛世神州永贏投資合夥企業(有限合夥)(Jiaxing Shengshi Shenzhou Yong Ying Investment Partnership (Limited Partnership)*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	has the meaning ascribed to it in the paragraph headed “Management Fees”
“Partner A”	盛世神州投資基金管理(北京)股份有限公司 (Shengshi Shenzhou Investment Fund Management (Beijing) Company Limited*), a limited liability company established in the PRC
“Partner B”	天安財產保險股份有限公司 (Tian An Property Insurance Company Limited*), a limited liability company established in the PRC
“Partners”	collectively, Partner A, Partner B and Kong Sun Yongtai
“Partnership Agreement”	the agreement entered into on 11 October 2016 among the Partners in relation to the formation of the Limited Partnership
“PRC”	the People’s Republic of China, which, for the purposes of this announcement only, 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) in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus”	has the meaning ascribed to it in the paragraph headed “Profit Distribution”
“%”	per cent.

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

Hong Kong, 11 October 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 purpose only*