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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 PROJECT COMPANY**

THE ACQUISITION

On 30 November 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor and the Project Company, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

Upon completion of the Acquisition, the Project Company will become a wholly-owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreement constitute a discloseable transaction for the Company and is therefore subject to the reporting 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.

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PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT

Date

30 November 2016

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company;
- (ii) the Vendor; and
- (iii) the Project Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Vendor and the Project Company and their respective ultimate beneficial owner is independent of the Company and connected persons of the Company.

Subject matter

Pursuant to the terms of the Acquisition Agreement, (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

Upon completion of the Acquisition, the Project Company will become a wholly-owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

Consideration

The aggregate consideration for the Acquisition is RMB302,000,000, which comprises of:

- (i) an amount of RMB85,000,000 as consideration for the transfer of the entire equity interest in the Project Company; and
- (ii) an amount of RMB217,000,000, being the amount of the Assumed Liabilities.

The consideration for the Acquisition shall be settled by the Purchaser or by the Project Company as procured by the Purchaser as follows:

- (i) an amount of RMB85,000,000 to be paid to the Vendor upon the signing of the Acquisition Agreement;
- (ii) an amount of RMB156,600,000 (the “**Second Payment**”) to be paid to the Vendor within three (3) months upon,
 - (a) the entire equity interest of the Project Company being transferred to the Purchaser; and
 - (b) completion of the relevant documentary filings required for financing of the Project;
- (iii) an amount of RMB30,200,000 to be paid to the Vendor within five (5) Business Days upon,
 - (a) completion of the Second Payment and the relevant regulatory filings in the PRC for the purpose of management and operation of power plants; and
 - (b) the Vendor having provided in favour of the Purchaser an irrevocable bank guarantee in the amount of RMB30,200,000,

provided that the relevant documents and information of the Project having been filed by the Vendor and reflected in the data platform for subsidy funds for renewable energy in the PRC;

- (iv) an amount of RMB15,100,000 to be paid to the Vendor within five (5) Business Days upon,
 - (a) completion of the inspection of the Project by an independent third party with the relevant issue (if any) being rectified up to the parties' satisfaction; and
 - (b) the Vendor having provided in favour of the Purchaser an irrevocable bank guarantee in the amount of RMB15,100,000 to guarantee the quality of the Project, provided that the parties having confirmed the quality of the Project upon expiry of the guaranteed period (which shall be for a period of one (1) year after the issue of the inspection report); and
- (v) an amount of RMB15,100,000, being the remaining sum of the consideration for the Acquisition, to be paid to the Vendor upon satisfaction of the condition (iv) above.

Further, in the event upon completion of the inspection of the Project by the independent third party, there are indispensable items which cannot be rectified, the consideration for the Acquisition shall be adjusted downward by deducting the relevant amount of the indispensable item(s).

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 of the unaudited net asset value of the Project Company and the expected future revenue to be generated by the power plants owned by the Project Company. The Directors consider that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information on Vendor and the Project Company

The Vendor 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 Project Company is a company established in the PRC and is a wholly-owned subsidiary of Vendor as at the date of the Acquisition Agreement. The Project Company is principally engaged in the investment in, development and operation of a total of 40 MW, consisting two photovoltaic power plants with 20 MW each, photovoltaic power plants in Suzhou, Anhui Province of the PRC. As at the date of this announcement, the construction of the Project has been completed and the power plants are connected to the power grid.

The financial information of the 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	–	5,634,000
Net loss after taxation	–	5,634,000

The unaudited net asset value and total asset value of the Project Company as at 31 December 2015 were approximately RMB62,367,000 and RMB321,878,000, 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 and 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 signifies 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 one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreement constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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 interest in the Project Company and the assumption of the Assumed Liabilities pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 30 November 2016 entered into between the Purchaser, the Vendor and the Project Company in respect of the Acquisition
“Assumed Liabilities”	all the debts and liabilities incurred by the Project Company under the relevant EPC contract with the EPC Contractor and other liabilities incurred for the Project
“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 Shares 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”	the contractor responsible for the engineering, procurement and construction (“EPC”) work of the Project
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	mega watts
“PRC”	the People’s Republic of China
“Project”	a total of 40 MW, consisting two photovoltaic power plants with 20 MW each, photovoltaic power plants owned by Project Company in Suzhou, Anhui Province of the PRC
“Project Company”	宿州市雲陽新能源發電有限公司 (Suzhou Yunyang New Power Generation Co., Ltd.*), a company established in the PRC and principally engaged in the investment in and development of the Project
“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
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	江蘇蘇美達新能源發展有限公司 (Jiangsu Sumeida New Energy Development 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, 30 November 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*