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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)

**VOLUNTARY ANNOUNCEMENT
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF LEAD
POWER INVESTMENTS LIMITED**

The Board announces that on 28 December 2016, the Company, as vendor, entered into the Agreement with the Purchaser pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, the Sale Share, which represent all the share of the Target Company in issue as at the date of the Agreement for the consideration of HK\$53,000,000.

Upon completion of the Disposal, the Company will cease to hold any interest in any of the companies of the Target Group. Each of the companies of the Target Group will cease to be a wholly-owned subsidiary of the Company and their respective financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are below 5%, the entering into of the Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors of the Company.

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

THE AGREEMENT

Date: 28 December 2016

Parties to the Agreement:

- (1) Joy Wide Limited, as the Purchaser; and
- (2) the Company, as the vendor.

To the best knowledge of the Directors, having made all reasonable enquiries, the Purchaser and its beneficial owner are independent of and not connected with the Company or any of its connected persons.

The Company and the Purchaser have not entered into any transactions in the past 12 months that would need to be aggregated with the Agreement pursuant to Rule 14.22 of the Listing Rules.

The Disposal

Pursuant to the Agreement, the Company agreed to sell, and the Purchaser agreed to acquire, the Sale Share, which represent all the share of the Target Company in issue as at the date of the Agreement.

Consideration

The cash consideration for the Disposal is HK\$53,000,000, which was determined after arm's length negotiations between the parties with reference to (i) the net asset value of the Target Company as at 30 November 2016; (ii) the market value of the Properties, with reference to a valuation report issued by an independent firm of surveyors; and (iii) the prevailing market price of offices of similar standard to the Properties.

The cash consideration for the Disposal shall be payable by the Purchaser to the Company in the following manner:

- (i) a refundable deposit in the sum of HK\$2,650,000 (the "**Deposit**"), representing 5% of the total consideration for the Disposal, shall be payable by the Purchaser to the Company within ten (10) business days from the date of the Agreement; and
- (ii) HK\$50,350,000, being the remaining balance of the consideration for the Disposal, shall be payable by the Purchaser to the Company on the Completion Date.

The Directors, including the non-executive Directors, are of the view that the terms of the Agreement, including the consideration for the Disposal, were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions

Completion of the Agreement is conditional upon:

- (a) the Purchaser being satisfied with the results of the business, financial and legal due diligence review to be conducted on the Target Group including but not limited to satisfactory results as to the title, use and conditions of the Properties;
- (b) the compliance by the Company of the applicable requirements of the Listing Rules in relation to the transactions contemplated under the Agreement, including where necessary the obtaining of Shareholders' approval with respect to the Disposal;
- (c) the compliance by the parent company of the Purchaser of the applicable requirements of the Listing Rules in relation to the transactions contemplated under the Agreement, including where necessary the obtaining of its shareholders' approval with respect to the Disposal;
- (d) the warranties in respect of the Purchaser under the Agreement remaining true and accurate in all material respects; and
- (e) the warranties in respect of the Company under the Agreement remaining true and accurate in all material respects.

If any of the conditions set out in the Agreement are not been satisfied (or, as the case may be, waived by the Purchaser or the Company) on or before 12:00 noon on the Long Stop Date, the Company shall return the Deposit in cash without interest to the Purchaser within ten (10) days from the date of termination of the Agreement or the Long Stop Date and thereafter the Agreement shall cease and determine (save for any antecedent breach which shall continue to have full force and effect) and neither party hereto shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Further, if the Purchaser discovers that there are material defects of the Target Group and/or the Properties, the Purchaser is entitled to terminate the Agreement which shall be exercisable by the Purchaser on or before the Long Stop Date. If the Purchaser exercises such right to terminate the Agreement, the Company shall within fourteen (14) days thereafter return the Deposit, without interest, to the Purchaser and thereafter the Agreement shall cease and determine (save for any antecedent breach which shall continue to have full force and effect) and neither party hereto shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the Disposal shall take place on the fifth business day after the satisfaction of the conditions to the Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands and an investment holding company. As at the date of this announcement, the major asset of the Target Company is its interests in the entire issued share capital of KPI.

KPI is a company incorporated in Hong Kong and is an investment holding company and its principal activity is the investment in and holding of the Properties.

The unaudited consolidated financial results of Target Group for the two years immediately preceding the date of the Agreement are as follows:

	For the year ended	
	31 December	
	2014	2015
	<i>HK\$</i>	<i>HK\$</i>
Net profit before tax	2,899,000	66,443,000
Net profit after tax	2,899,000	66,443,000

The consolidated net asset value of the Target Group as at 30 November 2016 was approximately HK\$102,947,000.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Subject to final audit, it is expected that the Group will realise a loss on disposal of approximately HK\$6,255,000, which is calculated by reference to the carrying value of Target Company as at 30 November 2016 and taking into account the waiving of the outstanding amounts of the intergroup balances between the Group and the Target Group. The Directors currently intend to apply the proceeds from the Disposal as general working capital of the Company.

Upon completion of the Disposal, the Company will cease to hold any interest in any of the companies of the Target Group. Each of the companies of the Target Group will cease to be a wholly-owned subsidiary of the Company and their respective financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

THE PROPERTIES

The Properties comprises of (i) whole of 10th Floor, Wings Building, 110-116 Queen's Road Central, Central, Hong Kong, with a total gross floor area of 3,393 square feet (the "**First Property**"); and (ii) Workshop No. 5 on 4th floor, Fullagar Industrial Building, No. 234 Aberdeen Main Road, Hong Kong, with a total gross floor area of 1,402 square feet (the "**Second Property**").

As at the date of this announcement, the First Property is subject to an existing tenancy to be expired on 3 July 2019 and the Second Property is subject to an existing tenancy to be expired on 31 May 2019.

REASONS FOR THE DISPOSAL

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 consider that it is a good opportunity for the Group to dispose the Properties so as to increase the level of general working capital of the Group and to re-allocate its resources to its solar power stations to further enhance the value of the Company. As the Disposal is being conducted after arm's length negotiations based on normal commercial terms, the Directors, including the independent non-executive Directors, are of the view that the Disposal is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are below 5%, the entering into of the Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors of the Company.

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

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 28 December 2016 between the Company and the Purchaser in relation to the sale of the Sale Share to the Purchaser;
“Board”	the board of Directors;
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion Date”	the date falling within five (5) business days after all the conditions precedent under the Agreement have been fulfilled;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the Sale Share by the Company pursuant to the Agreement;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“KPI”	Kingston Property Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	28 February 2017 (or such other date to be mutually agreed in writing by the Company and the Purchaser);
“PRC”	The People’s Republic of China;
“Properties”	the properties owned by KPI, the details of which are set out in the paragraph headed “The Properties” in this announcement;
“Purchaser”	Joy Wide Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Far East Holdings International Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (stock code: 36);
“Sale Share”	one (1) ordinary share of US\$1.00 of the Target Company, representing all the share of the Target Company in issue as at the date of the Agreement;
“Shareholder(s)”	shareholder(s) of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Lead Power Investments Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the Group as at the date of this announcement;
“Target Group”	the Target Company and KPI; and
“US\$”	the lawful currency of the United States of America.

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

Hong Kong, 28 December 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.