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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)

INSIDE INFORMATION

This announcement is made by Kong Sun Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the Group’s unaudited management accounts for the twelve months ended 31 December 2016, it is expected that the Group will record a net profit for the twelve months ended 31 December 2016 as compared with a net loss of approximately RMB98,994,000 recorded for the corresponding period for the twelve months ended 31 December 2015. Based on information currently available to the Company, the Board believes that the net profit expected to be recorded for the twelve months ended 31 December 2016 was primarily attributable to (i) an increase in income generated from sales of electricity from approximately RMB118,000,000 for the twelve months ended 31 December 2015 to approximately RMB561,000,000 for the twelve months ended 31 December 2016; (ii) one-off gains on disposal of associated companies of the Group during the twelve months ended 31 December 2016 in the amount of approximately RMB109,000,000; and (iii) a significant increase in interest income from bank and other deposits of approximately RMB46,000,000 expected to be recorded for the twelve months ended 31 December 2016 as compared with the corresponding period for the year 2015 as a result of increase in bank and other deposits during the twelve months ended 31 December 2016.

On the other hand, the Board wishes to further inform the Shareholders and potential investors of the Company that, based on the preliminary review of the Group's unaudited management accounts for the twelve months ended 31 December 2016, whilst the Group is expected to record a net profit for the twelve months ended 31 December 2016, the Group's overall turnover for the twelve months ended 31 December 2016 is expected to drop significantly by approximately 67.3% as compared with the Group's turnover for the twelve months ended 31 December 2015. The significant decrease in the Group's overall turnover for the twelve months ended 31 December 2016 was mainly attributable to the fact that the Group has been exerting most of its investment efforts in its electricity sales segment during the twelve months ended 31 December 2016 given that sales of electricity has a relatively higher gross margin. As such, the Group has lessen its business focus for its sales of solar energy related products which generates relatively lower profit margin and accordingly no turnover was generated from the sales of solar energy related products for the twelve months ended 31 December 2016, as compared with the amount of approximately RMB1,611,700,000 recorded for the twelve months ended 31 December 2015.

The Company has yet to finalise the annual results of the Group for the twelve months ended 31 December 2016. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the unaudited management accounts of the Group, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company, and the actual results of the Group for the twelve months ended 31 December 2016 may be different from what is disclosed herein. Investors are advised to read carefully the annual results announcement of the Company for the twelve months ended 31 December 2016 which is expected to be published before the end of March 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 February 2017

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. Yuen Kin, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Ms. Wang Fang.