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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 SUBSCRIPTION OF SHARES OF INNER MONGOLIA  
HOHHOT JINGU RURAL COMMERCIAL BANK LIMITED COMPANY\***

**THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 27 February 2017, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Hohhot Jingu Bank, a commercial bank based in Inner Mongolia, pursuant to which the Subscriber agreed to subscribe for 57,124,844 Subscription Shares at the Subscription Price of RMB3 per Subscription Share. The Subscription Shares represent approximately 4.464% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

The Group, through the Subscriber, has previously subscribed for 6,600,000 shares of Hohhot Jingu Bank, representing approximately 0.516% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase, pursuant to a subscription agreement entered into with Hohhot Jingu Bank on 30 December 2016 at a subscription price of RMB3 per share of Hohhot Jingu Bank.

Upon completion of the Subscription, the Company, through the Subscriber, will hold an aggregate of approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

## **LISTING RULES IMPLICATIONS**

The Previous Subscription by itself does not constitute a discloseable transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Subscription Agreement constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 27 February 2017, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Hohhot Jingu Bank, a commercial bank based in Inner Mongolia, pursuant to which the Subscriber agreed to subscribe for 57,124,844 Subscription Shares at the Subscription Price of RMB3 per Subscription Share. The Subscription Shares represent approximately 4.464% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

The Group, through the Subscriber, has previously subscribed for 6,600,000 shares of Hohhot Jingu Bank, representing approximately 0.516% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase, pursuant to a subscription agreement entered into with Hohhot Jingu Bank on 30 December 2016 at a subscription price of RMB3 per share of Hohhot Jingu Bank.

Upon completion of the Subscription, the Company, through the Subscriber, will hold an aggregate of approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT**

### **Date**

27 February 2017

### **Parties**

- (A) 江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Co., Ltd.\*), a wholly-owned subsidiary of the Company, as the Subscriber; and
- (B) Hohhot Jingu Bank, as the issuer of the Subscription Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hohhot Jingu Bank and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Subject matter**

Pursuant to the Approval, the CBRC Inner Mongolia Office approved the Capital Increase, pursuant to which Hohhot Jingu Bank may increase its capital and allot up to 500,000,000 shares. Upon completion of the Capital Increase, the number of issued shares of Hohhot Jingu Bank will be increased from 779,615,333 shares to 1,279,615,333 shares.

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for, and Hohhot Jingu Bank has agreed to allot and issue, 57,124,844 Subscription Shares at the Subscription Price of RMB3 per Subscription Share. The Subscription Shares represent approximately 4.464% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

### **Subscription Price**

Pursuant to the Subscription Agreement, the Subscription Price per Subscription Share is RMB3, representing an aggregate consideration for the Subscription in the amount of RMB171,374,532, which shall be transferred to the designated bank account of Hohhot Jingu Bank within 30 business days upon the entering of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations by the parties with reference to the net asset value per share of Hohhot Jingu Bank as at 30 September 2016. The Subscription will be funded by the Group's internal resources.

The Directors (including the independent non-executive Directors) consider that the Subscription Price is fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Subscription Shares**

The Subscription Shares represent approximately 7.33% of the issued share capital of Hohhot Jingu Bank as at the date of this announcement and approximately 4.464% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Upon completion of the Subscription, the Subscriber will, together with the 6,600,000 shares of Hohhot Jingu Bank subscribed by it in the Previous Subscription, own an aggregate of 63,724,844 shares of Hohhot Jingu Bank, representing approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

### **Completion**

Completion of the Subscription will take place before end of March 2017.

If completion of the Subscription fails to take place solely due the non-performance of either parties to the Subscription, the defaulting party shall pay a default fee, representing 5% of the consideration payable for the Subscription, to the non-defaulting party.

## INFORMATION ABOUT HOHHOT JINGU BANK

The predecessor of Hohhot Jingu Bank was Hohhot Jingu Rural Cooperative Bank\* (呼和浩特金谷農村合作銀行), which has been transformed into Hohhot Jingu Bank in April 2014 under the approval from the CBRC Inner Mongolia Office. Hohhot Jingu Bank was duly incorporated in Inner Mongolia on 18 April 2014 as a joint stock company.

Hohhot Jingu Bank is a commercial bank whose banking products and services primarily consist of bank deposits; short term, medium term and long term loans and advances; settlement services in the PRC and other businesses approved by CBRC.

According to the published financial statements of Hohhot Jingu Bank, its consolidated financial results prepared in accordance with the PRC Accounting Standards for the two years ended 31 December 2014 and 2015 and for the nine months period ended 30 September 2016 are as follows:

|                        | <b>For the<br/>year ended<br/>31 December 2014</b> | <b>For the<br/>year ended<br/>31 December 2015</b> | <b>For the<br/>nine months<br/>period ended<br/>30 September 2016</b> |
|------------------------|--|--|---|
|                        | <i>RMB'000</i>                                     | <i>RMB'000</i>                                     | <i>RMB'000</i>  |
| Profit before taxation | 698,987  | 522,550  | 423,095   |
| Profit after taxation  | 519,391  | 382,803  | 316,593   |
| Net assets             | 3,047,194  | 3,772,618  | 3,781,201   |

## PREVIOUS SUBSCRIPTION

On 30 December 2016, the Subscriber entered into a subscription agreement with Hohhot Jingu Bank, pursuant to which the Subscriber has previously subscribed for 6,600,000 shares of Hohhot Jingu Bank, representing approximately 0.516% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase, at a subscription price of RMB3 per share.

## REASON FOR THE SUBSCRIPTION

The Company is principally engaged in the investment in and development of photovoltaic power plants, properties and securities investment and trading of life-like plants in the PRC. The Subscriber is a company established in the PRC principally engaged in investment in and development of photovoltaic power plants and investment holding.

To maximize the interests for the Shareholders and to divert its investments, the Company continues to look for suitable investment opportunities with steady and stable income and return. The Subscription and the Previous Subscription are long term investments and hence could improve the capital usage efficiency and earn reasonable investment return for the Company. Accordingly, the Board is of the view that the terms of the Subscription Agreement are fair and reasonable and the Subscription contemplated under the Subscription Agreement are commercially beneficial and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Previous Subscription by itself does not constitute a discloseable transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Subscription Agreement constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

|                              |   |
|------------------------------|---|
| “Approval”                   | the approval by CBRC Inner Mongolia Office dated 25 November 2015 approving the Capital Increase  |
| “Board”                      | the board of Directors  |
| “CBRC”                       | China Banking Regulatory Commission* (中國銀行業監督管理委員會), an agency regulating the banking sector of the PRC except the territories of Hong Kong and the Macau Special Administrative Region |
| “CBRC Inner Mongolia Office” | China Banking Regulatory Commission Inner Mongolia Supervisory Authority* (中國銀行業監督管理委員會內蒙古監管局)  |

|                         |   |
|-------------------------|---|
| “Capital Increase”      | the proposed capital increase and allotment of 500,000,000 shares by Hohhot Jingu Bank pursuant to the Approval   |
| “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 |
| “connected person”      | has the meaning ascribed to it under the Listing Rules  |
| “Director(s)”           | the director(s) of the Company  |
| “Group”                 | the Company and its subsidiaries  |
| “Hohhot Jingu Bank”     | Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company* (內蒙古呼和浩特金谷農村商業銀行股份有限公司), a joint stock company incorporated in the PRC                     |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the PRC  |
| “Listing Rules”         | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                   | the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macao Special Administration Region                |
| “Previous Subscription” | the subscription of 6,600,000 new shares of Hohhot Jingu Bank by the Subscriber on 30 December 2016   |
| “RMB”                   | Renminbi, the lawful currency of the PRC  |
| “Share(s)”              | ordinary share(s) in the share capital of the Company   |
| “Shareholder(s)”        | holder(s) of the Shares   |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited   |

|                          |  |
|--------------------------|--|
| “Subscriber”             | 江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Co., Ltd.*), a wholly-owned subsidiary of the Company and a company established under the laws of the PRC |
| “Subscription”           | the subscription of the Subscription Shares by the Subscriber  |
| “Subscription Agreement” | the subscription agreement dated 27 February 2017 entered into between the Subscriber and Hohhot Jingu Bank in respect of the Subscription                   |
| “Subscription Price”     | RMB3 per Subscription Share  |
| “Subscription Share(s)”  | 57,124,844 shares of Hohhot Jingu Bank proposed to be subscribed by the Subscriber pursuant to the Subscription Agreement                                    |

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

Hong Kong, 27 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.*

\* For identification purpose only