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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 DATONG PROJECT COMPANY,
THE PINGSHAN PROJECT COMPANY
AND
THE LIYANG PROJECT COMPANY**

THE ACQUISITIONS

The Board is pleased to announce that, on 30 March 2017 (after trading hours of the Stock Exchange):

- (1) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Datong Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 98.611% equity interest in the Datong Project Company; and (ii) the Purchaser agreed to assume the Datong Assumed Liabilities and the capital contribution obligations of the Vendor;
- (2) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Pingshan Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Pingshan Project Company; and (ii) the Purchaser agreed to assume the Pingshan Assumed Liabilities and the capital contribution obligations of the Vendor; and

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

Upon completion of the Acquisitions, each of the Datong Project Company, the Pingshan Project Company and the Liyang Project Company will become a subsidiary of the Company and their respective results will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATION

As the Acquisition Agreements are entered into between the same parties, the Acquisitions will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions, when aggregated, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreements constitute a discloseable transaction for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Acquisitions are subject to and conditional upon fulfilment of the conditions precedent set out in the respective Acquisition Agreements, the Acquisitions 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 of the Company.

THE ACQUISITIONS

On 30 March 2017 (after trading hours of the Stock Exchange):

- (1) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Datong Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 98.611% equity interest in the Datong Project Company; and (ii) the Purchaser agreed to assume the Datong Assumed Liabilities and the capital contribution obligations of the Vendor;

- (2) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Pingshan Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Pingshan Project Company; and (ii) the Purchaser agreed to assume the Pingshan Assumed Liabilities and the capital contribution obligations of the Vendor; and
- (3) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Liyang Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Liyang Project Company; and (ii) the Purchaser agreed to assume the Liyang Assumed Liabilities.

The principal terms of the Acquisition Agreements are summarised as follows:

PRINCIPAL TERMS OF THE ACQUISITION AGREEMENTS

Date

30 March 2017 (after trading hours of the Stock Exchange)

Parties

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

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is a third party independent of the Company and connected persons of the Company.

Subject matter

(1) The Datong Acquisition Agreement

Pursuant to the Datong Acquisition Agreement, (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 98.611% equity interest in the Datong Project Company; and (ii) the Purchaser agreed to assume the Datong Assumed Liabilities and the capital contribution obligations of the Vendor.

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

(2) *The Pingshan Acquisition Agreement*

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

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

(3) *The Liyang Acquisition Agreement*

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

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

Conditions precedent

Completion of the Acquisition Agreements are subject to and conditional upon fulfilment of all necessary internal approval and authorisation procedures of the Vendor and the Purchaser for the transfer of equity interests under the relevant Acquisition Agreements.

Consideration

(1) *The Datong Acquisition*

The aggregate consideration for the Datong Acquisition is RMB244,220,713, which comprises of:

- (i) an amount of RMB4,547,984, being the amount of cash consideration for the transfer of 98.611% equity interest in the Datong Project Company (the “**Datong Cash Consideration**”);
- (ii) an amount of RMB206,502,769, being the amount of the Datong Assumed Liabilities; and
- (iii) an amount of RMB33,169,960, being the amount of capital contribution obligations of the Vendor assumed by the Purchaser in the Datong Project Company.

The Datong Cash Consideration shall be paid by the Purchaser to the Vendor within thirty (30) days from the date of the Datong Acquisition Agreement (the “**Datong Payment Date**”). The remaining consideration shall be settled by the Purchaser after completion of the Datong Acquisition.

The aggregate consideration for the Datong Acquisition will be satisfied by internal resources of the Group.

If the Purchaser fails to fulfil its obligations to pay the Datong Cash Consideration on or before the Datong Payment Date, the Purchaser will be liable to pay to the Vendor a daily default payment of 0.03% of the Datong Cash Consideration for the first sixty (60) days and thereafter a daily default payment of 0.05% of the Datong Cash Consideration.

The consideration for the Datong Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendor after taking into account the unaudited net asset value and total asset value of the Datong Project Company as at 31 December 2016 and the future revenue to be generated by the power plant owned by the Datong Project Company. The Directors (including the independent non-executive Directors) consider that the consideration for the Datong Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(2) *The Pingshan Acquisition*

The aggregate consideration for the Pingshan Acquisition is RMB151,241,679, which comprises of:

- (i) an amount of RMB1, being the amount of cash consideration for the transfer of the entire equity interest in the Pingshan Project Company (the “**Pingshan Cash Consideration**”);
- (ii) an amount of RMB149,241,678, being the amount of the Pingshan Assumed Liabilities; and
- (iii) an amount of RMB2,000,000, being the amount of capital contribution obligations of the Vendor assumed by the Purchaser in the Pingshan Project Company.

The Pingshan Cash Consideration shall be paid by the Purchaser to the Vendor within thirty (30) days from the date of the Pingshan Acquisition Agreement (the “**Pingshan Payment Date**”). The remaining consideration shall be settled by the Purchaser after completion of the Pingshan Acquisition.

The aggregate consideration for the Pingshan Acquisition will be satisfied by internal resources of the Group.

If the Purchaser fails to fulfil its obligations to pay the Pingshan Cash Consideration on or before the Pingshan Payment Date, the Purchaser will be liable to pay to the Vendor a daily default payment of 0.03% of the Pingshan Cash Consideration for the first sixty (60) days and thereafter a daily default payment of 0.05% of the Pingshan Cash Consideration.

The consideration for the Pingshan Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited net liabilities and total asset value of the Pingshan Project Company as at 31 December 2016 and the future revenue to be generated by the power plant owned by the Pingshan Project Company. The Directors (including the independent non-executive Directors) consider that the consideration for the Pingshan Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(3) *The Liyang Acquisition*

The aggregate consideration for the Liyang Acquisition is RMB171,306,154, which comprises of:

- (i) an amount of RMB23,880,396, being the amount of cash consideration for the transfer of the entire equity interest in the Liyang Project Company (the “**Liyang Cash Consideration**”); and
- (ii) an amount of RMB147,425,758, being the amount of the Liyang Assumed Liabilities.

The Liyang Cash Consideration shall be paid by the Purchaser to the Vendor within thirty (30) days from the date of the Liyang Acquisition Agreement (the “**Liyang Payment Date**”). The remaining consideration shall be settled by the Purchaser after completion of the Liyang Acquisition.

The aggregate consideration for the Liyang Acquisition will be satisfied by internal resources of the Group.

If the Purchaser fails to fulfil its obligations to pay the Liyang Cash Consideration on or before the Liyang Payment Date, the Purchaser will be liable to pay to the Vendor a daily default payment of 0.03% of the Liyang Cash Consideration for the first sixty (60) days and thereafter a daily default payment of 0.05% of the Liyang Cash Consideration.

The consideration for the Liyang Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor after taking into account the unaudited net asset value and total asset value of the Liyang Project Company as at 31 December 2016 and the future revenue to be generated by the power plant owned by the Liyang Project Company. The Directors (including the independent non-executive Directors) consider that the consideration for the Liyang Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Purchaser is a wholly-owned subsidiary of the Company which is principally engaged in investment holding.

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 Datong Project Company is a company established on 25 November 2013 in the PRC and is owned as to 98.611% by the Vendor as at the date of the Datong Acquisition Agreement. The Datong Project Company is principally engaged in the investment in, development and operation of a 20 MW photovoltaic power plant in Datong City, Shanxi Province of the PRC. As at the date of this announcement, the construction of the Datong Project has been completed and the power plant is connected to the power grid.

The financial information of the Datong Project Company as extracted from its unaudited management accounts is summarised as follows:

	For the year ended 31 December 2015 (Unaudited) RMB	For the year ended 31 December 2016 (Unaudited) RMB
Net (loss)/profit before taxation	(151,000)	1,694,000
Net (loss)/profit after taxation	(151,000)	1,694,000

The unaudited total asset and net asset value of the Datong Project Company as at 31 December 2016 were approximately RMB213,671,000 and RMB4,314,000, respectively.

The Pingshan Project Company is a company established on 28 November 2014 in the PRC and is a wholly-owned subsidiary of the Vendor as at the date of the Pingshan Acquisition Agreement. The Pingshan Project Company is principally engaged in the investment in, development and operation of a 20 MW photovoltaic power plant in Pingshan County, Hebei Province of the PRC. As at the date of this announcement, the construction of the Pingshan Project has been completed and the power plant is connected to the power grid.

The financial information of the Pingshan Project Company as extracted from its unaudited management accounts is summarised as follows:

	For the year ended 31 December 2015 (Unaudited) <i>RMB</i>	For the year ended 31 December 2016 (Unaudited) <i>RMB</i>
Net loss before taxation	2,000	1,000
Net loss after taxation	2,000	1,000

The unaudited total asset and net liabilities of the Pingshan Project Company as at 31 December 2016 were approximately RMB134,288,000 and RMB3,000, respectively.

The Liyang Project Company is a company established on 11 March 2015 in the PRC and is a wholly-owned subsidiary of the Vendor as at the date of the Liyang Acquisition Agreement. The Liyang Project Company is principally engaged in the investment in, development and operation of a 20 MW photovoltaic power plant in Liyang City, Jiangsu Province of the PRC. As at the date of this announcement, the construction of the Liyang Project has been completed and the power plant is connected to the power grid.

The financial information of the Liyang Project Company as extracted from its unaudited management accounts is summarised as follows:

	From date of incorporation to 31 December 2015 (Unaudited) <i>RMB</i>	For the year ended 31 December 2016 (Unaudited) <i>RMB</i>
Net profit before taxation	–	3,737,000
Net profit after taxation	–	3,737,000

The unaudited total asset and net asset value of the Liyang Project Company as at 31 December 2016 were approximately RMB172,040,000 and RMB23,737,000, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

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 Directors are of the view that the Acquisitions are in line with the business objectives of the Company and signify 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 reasons and benefits above, the Directors (including the independent non-executive Directors) consider that the Acquisition Agreements have been entered into on normal commercial terms and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Acquisition Agreements are entered into between the same parties, the Acquisitions will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions, when aggregated, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Acquisition Agreements constitute a discloseable transaction for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Acquisitions are subject to and conditional upon fulfilment of the conditions precedent set out in the respective Acquisition Agreements, the Acquisitions 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 of the Company.

DEFINITIONS

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

“Acquisitions”	the Datong Acquisition, the Pingshan Acquisition and the Liyang Acquisition
“Acquisition Agreements”	the Datong Acquisition Agreement, the Pingshan Acquisition Agreement and the Liyang Acquisition Agreement
“Board”	the board of the Directors
“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
“Datong Acquisition”	the acquisition of 98.611% equity interest in the Datong Project Company and the assumption of the Datong Assumed Liabilities pursuant to the terms of the Datong Acquisition Agreement
“Datong Acquisition Agreement”	the acquisition agreement dated 30 March 2017 entered into between the Purchaser and the Vendor in respect of the Datong Acquisition
“Datong Assumed Liabilities”	98.611% of the aggregate debts and liabilities incurred by the Datong Project Company, in the amount of RMB206,502,769
“Datong Project Company”	大同市皖銅新能源有限公司 (Datong Wantong New Energy Co., Ltd.*), a company established in the PRC
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liyang Acquisition”	the acquisition of the entire equity interest in the Liyang Project Company and the assumption of the Liyang Assumed Liabilities pursuant to the terms of the Liyang Acquisition Agreement
“Liyang Acquisition Agreement”	the acquisition agreement dated 30 March 2017 entered into between the Purchaser and the Vendor in respect of the Liyang Acquisition
“Liyang Assumed Liabilities”	all debts and liabilities incurred by the Liyang Project Company, in the amount of RMB147,425,758
“Liyang Project Company”	溧陽新暉光伏發電有限公司 (Liyang Xinhui Photovoltaic Power Generation Co., Ltd.*), a company established in the PRC
“MW”	mega watts
“Pingshan Acquisition”	the acquisition of the entire equity interest in the Pingshan Project Company and the assumption of the Pingshan Assumed Liabilities pursuant to the terms of the Pingshan Acquisition Agreement
“Pingshan Acquisition Agreement”	the acquisition agreement dated 30 March 2017 entered into between the Purchaser and the Vendor in respect of the Pingshan Acquisition
“Pingshan Assumed Liabilities”	all debts and liabilities incurred by the Pingshan Project Company, in the amount of RMB149,241,678
“Pingshan Project Company”	平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Co., Ltd.*), a company established in the PRC

“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	北京華源鴻盛能源科技有限公司 (Beijing Huayuan Hongsheng Energy Technology 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 March 2017

As of the date of this announcement, the Board comprises three executive Directors, Mr. Zeng Jianhua, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, one non-executive Director, Mr. Yuen Kin, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Ms. Wang Fang.

* For identification purposes only