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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 YULIN PROJECT COMPANY**

**THE ACQUISITION**

On 15 June 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the 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 Yulin Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

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

**LISTING RULES IMPLICATIONS**

As one or more 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 are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to and conditional upon fulfilment of the conditions precedent set out in the Acquisition Agreement, the Acquisition and the transaction 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.**

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## **PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT**

### **Date**

15 June 2017 (after trading hours of the Stock Exchange)

### **Parties**

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

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

### **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 Yulin Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

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

## **Conditions precedent**

Completion of the Acquisition Agreement is subject to and conditional upon fulfilment of all necessary internal approval and authorization procedures of the Vendor and the Purchaser for the transfer of equity interests under the Acquisition Agreement.

## **Consideration**

The aggregate consideration for the Acquisition is RMB336,900,000, which comprises of:

- (i) an amount of RMB30,600,000 as cash consideration for the transfer of the entire equity interest in the Yulin Project Company (the “**Cash Consideration**”); and
- (ii) an amount of RMB306,300,000, being the aggregate amount of the Assumed Liabilities.

The Cash Consideration shall be settled in full by the Purchaser by way of one-off payment within 30 days from the date of signing of the Acquisition Agreement (the “**Payment Date**”). The remaining consideration shall be settled by the Purchaser after completion of the Acquisition.

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

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

## **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 the unaudited net asset value and total asset value of the Yulin Project Company as at 31 May 2017 and the expected future revenue to be generated by the Project. The Directors (including the independent non-executive 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 of the parties

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

The Vendor was established in the PRC which is principally engaged in the investment in and development of photovoltaic power plants in the PRC.

The Yulin Project Company was established in the PRC on 8 December 2014 and a wholly-owned subsidiary of the Vendor as at the date of the Acquisition Agreement. The Yulin Project Company owns the Project, and is principally engaged in the investment in, development and operation of the Project.

As at the date of this announcement, the construction of the Project has been completed and the power plant is connected to the power grid.

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

	<b>For the year ended 31 December 2015 (Unaudited) RMB</b>	<b>For the year ended 31 December 2016 (Unaudited) RMB</b>	<b>For the period from 1 January 2017 to 31 May 2017 (Unaudited) RMB</b>
Net (loss)/profit before taxation	(83,000)	(409,000)	4,532,000
Net (loss)/profit after taxation	(83,000)	(409,000)	4,532,000

The unaudited net asset value and total asset value of the Yulin Project Company as at 31 May 2017 was approximately RMB34,700,000 and RMB272,600,000 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, properties and securities 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 (including the independent non-executive Directors) consider that 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 or more 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.

## **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 Yulin Project Company and the assumption of the Assumed Liabilities pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity transfer agreement dated 15 June 2017 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Assumed Liabilities”	the aggregate amount of RMB306,300,000, which comprise of (i) the unaudited debt and liabilities in the amount of RMB237,900,000 incurred by the Yulin Project Company as at 31 May 2017; and (ii) the unpaid registered capital in the amount of RMB68,400,000 of the Yulin Project Company payable by the Vendor

“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
“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
“MW”	mega watts
“PRC”	the People’s Republic of China
“Project”	a 30 MW photovoltaic power plant owned by the Yulin Project Company in Yulin City, Shaanxi Province of the PRC
“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”	正信天航(陝西)電力科技有限公司 (Zhengxin Tianhang (Shaanxi) Electricity Technology Co., Ltd.*), a company established in the PRC
“Yulin Project Company”	榆林正信電力有限公司 (Yulin Zhengxin Electricity Co., Ltd.*), a company established in the PRC and principally engaged in the investment in, development and operation of the Project
“%”	per cent.

By order of the Board  
**Kong Sun Holdings Limited**  
**Mr. Zeng Jianhua**  
*Executive Director*

Hong Kong, 15 June 2017

*As of the date of this announcement, the Board comprises four executive Directors, Mr. Zeng Jianhua, Mr. Jin Yanbing, Mr. Deng Chengli and Mr. Hou Yue, one non-executive Director, Mr. Yuen Kin, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Chen Kin Shing and Ms. Wang Fang.*

\* *For identification purposes only*