

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ACQUISITIONS OF
THE JIAYUGUAN PROJECT COMPANY
AND
THE LINTAN PROJECT COMPANY**

THE ACQUISITIONS

The Board is pleased to announce that on 15 June 2017 (after trading hours of the Stock Exchange):

- (1) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Jiayuguan Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest in the Jiayuguan Project Company; and (ii) the Purchaser agreed to assume the Jiayuguan Assumed Liabilities; and
- (2) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Lintan 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 Lintan Project Company; and (ii) the Purchaser agreed to assume the Lintan Assumed Liabilities.

Upon completion of the Acquisitions, the Jiayuguan Project Company will become a non-wholly-owned subsidiary of the Company and the Lintan Project Company will become a wholly-owned subsidiary of the Company and their respective financial results will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the Previous Acquisition Agreements (the details of which was disclosed in the March Announcement), the Jiayuguan Acquisition Agreement and the Lintan Acquisition Agreement are entered into by the Group with the same party and are expected to complete within a 12-month period of each other, the Previous Acquisitions and 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 with the Previous Acquisitions, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Jiayuguan Acquisition Agreement and the Lintan Acquisition Agreement constitute discloseable transactions 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 15 June 2017 (after trading hours of the Stock Exchange):

- (1) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Jiayuguan Acquisition Agreement with the Vendor, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest in the Jiayuguan Project Company; and (ii) the Purchaser agreed to assume the Jiayuguan Assumed Liabilities; and
- (2) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Lintan 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 Lintan Project Company; and (ii) the Purchaser agreed to assume the Lintan Assumed Liabilities.

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

PRINCIPAL TERMS OF THE ACQUISITION AGREEMENTS

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.

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 Jiayuguan Acquisition Agreement

Pursuant to the terms of the Jiayuguan Acquisition Agreement, (i) the Purchaser agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest in the Jiayuguan Project Company; and (ii) the Purchaser agreed to assume the Jiayuguan Assumed Liabilities.

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

(2) The Lintan Acquisition Agreement

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

Upon completion of the Lintan Acquisition, the Lintan 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 Agreements are 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 relevant Acquisition Agreements.

Consideration

(1) *The Jiayuguan Acquisition*

The aggregate consideration for the Jiayuguan Acquisition is RMB123,408,344, which comprises of:

- (i) an amount of RMB1 as cash consideration for the transfer of 95% equity interest in the Jiayuguan Project Company (the “**Jiayuguan Cash Consideration**”); and
- (ii) an amount of RMB123,408,343, being the aggregate amount of the Jiayuguan Assumed Liabilities.

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

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

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

The consideration for the Jiayuguan 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 Jiayuguan Project Company as at 31 December 2016 and the expected future revenue to be generated by the power plant owned by the Jiayuguan Project Company. The Directors (including the independent non-executive Directors) consider that the consideration for the Jiayuguan Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

(2) *The Lintan Acquisition*

The aggregate consideration for the Lintan Acquisition is RMB87,087,706, which comprises of:

- (i) an amount of RMB1 as cash consideration for the transfer of the entire equity interest in the Lintan Project Company (the “**Lintan Cash Consideration**”); and
- (ii) an amount of RMB87,087,705, being the aggregate amount of the Lintan Assumed Liabilities.

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

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

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

The consideration for the Lintan 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 Lintan Project Company as at 31 December 2016 and the expected future revenue to be generated by the power plant owned by the Lintan Project Company. The Directors (including the independent non-executive Directors) consider that the consideration for the Lintan 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 Jiayuguan Project Company was established in the PRC on 14 May 2013. As at the date of the Jiayuguan Acquisition Agreement, the Jiayuguan Project Company is owned as to 95% by the Vendor and 5% by an Independent Third Party. The Jiayuguan Project Company is principally engaged in the investment in, development and operation of the Jiayuguan Project. As at the date of this announcement, the construction of the Jiayuguan Project has been partially completed and has completed the first phase of connection to the power grid.

The financial information of the Jiayuguan 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 before taxation	–	1,501,000
Net loss after taxation	<u>–</u>	<u>1,501,000</u>

The unaudited net asset value and total asset value of the Jiayuguan Project Company as at 31 December 2016 were approximately RMB499,000 and RMB127,708,000, respectively.

The Lintan Project Company was established in the PRC on 17 November 2015 and is a wholly-owned subsidiary of the Vendor as at the date of the Lintan Acquisition Agreement. The Lintan Project Company is principally engaged in the investment in, development and operation of the Lintan Project. As at the date of this announcement, the construction of the Lintan Project has been partially completed and has completed the first phase of connection to the power grid.

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

	From the date of incorporation to 31 December 2015 (Unaudited) RMB	For the year ended 31 December 2016 (Unaudited) RMB
Net loss before taxation	–	53,000
Net loss after taxation	–	53,000

The unaudited net liabilities and total asset value of the Lintan Project Company as at 31 December 2016 were approximately RMB53,000 and RMB82,681,000, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENTS

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 above, the Directors (including the independent non-executive Directors) consider that the Acquisition Agreements 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 the Previous Acquisition Agreements (the details of which was disclosed in the March Announcement), the Jiayuguan Acquisition Agreement and the Lintan Acquisition Agreement are entered into by the Group with the same party and are expected to complete within a 12-month period of each other, the Previous Acquisitions and 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 with the Previous Acquisitions, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Jiayuguan Acquisition Agreement and the Lintan Acquisition Agreement constitute discloseable transactions 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 Jiayuguan Acquisition and the Lintan Acquisition
“Acquisition Agreements”	the Jiayuguan Acquisition Agreement and the Lintan 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 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
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Jiayuguan Acquisition”	the acquisition of 95% equity interest in the Jiayuguan Project Company and the assumption of the Jiayuguan Assumed Liabilities pursuant to the terms of the Jiayuguan Acquisition Agreement

“Jiayuguan Acquisition Agreement”	the acquisition agreement dated 15 June 2017 entered into between the Purchaser and the Vendor in respect of the Jiayuguan Acquisition
“Jiayuguan Assumed Liabilities”	95% of the aggregate debts and liabilities incurred by the Jiayuguan Project Company, in the amount of RMB123,408,343
“Jiayuguan Project”	a 50 MW photovoltaic power plant owned by Jiayuguan Project Company in Jiayuguan City, Gansu Province of the PRC
“Jiayuguan Project Company”	嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Co. Ltd.*), a company established in the PRC
“Lintan Acquisition”	the acquisition of the entire equity interest in the Lintan Project Company and the assumption of the Lintan Assumed Liabilities pursuant to the terms of the Lintan Acquisition Agreement
“Lintan Acquisition Agreement”	the acquisition agreement dated 15 June 2017 entered into between the Purchaser and the Vendor in respect of the Lintan Acquisition
“Lintan Assumed Liabilities”	the aggregate amount of RMB87,087,705, which comprise of (i) debts and liabilities in the amount of RMB86,087,705 incurred by the Lintan Project Company; and (ii) the unpaid registered capital in the amount of RMB1,000,000 of the Lintan Project Company payable by the Vendor
“Lintan Project”	a 20 MW photovoltaic power plant owned by Lintan Project Company in Lintan County, Gansu Province of the PRC
“Lintan Project Company”	臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Co., Ltd.*), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“March Announcement”	the announcement of the Company dated 30 March 2017 in relation to the acquisition of the Datong Project Company, the Pingshan Project Company and the Liyang Project Company
“MW”	mega watts
“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
“Previous Acquisitions”	the acquisitions of the Datong Project Company, the Pingshan Project Company and the Liyang Project Company as set forth in the March Announcement
“Previous Acquisition Agreements”	the acquisition agreements in relation to each of the Previous Acquisitions as set forth in the March Announcement
“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. 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*