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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF THE PROJECT COMPANY

THE ACQUISITION

The Board is pleased to announce that, on 11 October 2016 (after trading hours of the Stock Exchange), the Purchaser entered into the Cooperation Agreement with the Vendor, the Project Company and the EPC Contractor, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in the Project Company and to assume the Assumed Liabilities at an aggregate consideration of RMB174,900,000.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of Acquisition and the transactions contemplated under the Cooperation Agreement are below 5%, the entering into of the Cooperation Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

As the terms of the Cooperation Agreement are subject to and conditional upon satisfaction of the conditions set out in the Cooperation Agreement, the Acquisition 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 or any securities of the Company.

CONTINUAL SUSPENSION OF TRADING

Trading in the Shares has been suspended since 9:00 a.m. on 1 April 2016 at the request of the Company and will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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Date

11 October 2016 (after trading hours of the Stock Exchange)

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company;
- (ii) the Vendor;
- (iii) the Project Company; and
- (iv) the EPC Contractor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the Project Company, the EPC Contractor and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the terms of the Cooperation Agreement, (i) the Purchaser, the Vendor and the Project Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in the Project Company and to assume the Assumed Liabilities; (ii) the Purchaser, the Project Company and the EPC Contractor agreed that they shall enter into a supplemental agreement to supplement the existing EPC Contract; and (iii) the Project Company and the EPC Contractor shall enter into the Technical Services Agreement upon the entering of the Cooperation Agreement, as and when necessary.

Pursuant to the Cooperation Agreement, the parties further agreed that, save for the consideration payable by the Purchaser for the transfer of the entire equity interest in the Project Company pursuant to the Equity Transfer Agreement, all other amount payables pursuant to the Cooperation Agreement shall be payable by the Project Company by way of either the Purchaser making a shareholder's loan to the Project Company or the Project Company arranging its own financing.

Further, pursuant to the Cooperation Agreement, the Vendor shall provide guarantee in favour of the Purchaser regarding the overall quality of the Jiyuan Project, save for any design work, construction work conducted by or supplies provided by affiliates of the Purchaser, if any.

Consideration

The aggregate consideration for the Acquisition payable by the Purchaser pursuant to the Cooperation Agreement is RMB174,900,000, comprises of (i) RMB15,900,000 as consideration payable by the Purchaser to the Vendor for the transfer of the entire equity interest in the Project Company; and (ii) the assumption of the Assumed EPC Liabilities and Assumed Technical Liabilities in the amount of RMB153,000,000 and RMB6,000,000, respectively.

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

Basis of consideration

The aggregate consideration for the Acquisition was determined after arm's length negotiations among the parties to the Cooperation Agreement after taking into account the unaudited net asset value of the Project Company and the expected future revenue to be generated by the power plant owned by the Project Company. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information on the parties to the Cooperation Agreement

The Purchaser is a company established in the PRC and a wholly-owned subsidiary of the Company, principally engaged in the investment in and development of photovoltaic power plants in the PRC.

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 EPC Contractor is principally engaged in the engineering, procurement and construction (“EPC”) of solar power plants in the PRC and was engaged by the Project Company to provide EPC services for the Jiyuan Project.

The Project Company is a company established in the PRC, which is principally engaged in the investment in and development of the Jiyuan Project. As at the date of this announcement, the construction of the Jiyuan Project has been completed and the power plant is connected to the power grid.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Company is principally engaged in the investment in and development of photovoltaic power plants and trading of equipments related to photovoltaic power stations, properties investment, trading of life-like plants in the PRC.

The Directors are of the view that the Acquisition and the transactions contemplated under the Cooperation Agreement are in line with the business objective of the Company and signify the furtherance of the Group’s initiative into the photovoltaic power sector in the PRC, thereby present opportunities for the Group’s long term development. Based on the above, the Directors consider that the terms of the Cooperation 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 each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of Acquisition and the transactions contemplated under the Cooperation Agreement are below 5%, the entering into of the Cooperation Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

As the terms of the Cooperation Agreement are subject to and conditional upon satisfaction of the conditions set out in the Cooperation Agreement, the Acquisition 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 or any securities of the Company.

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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 Project Company and the assumption of the Assumed Liabilities by the Purchaser pursuant to the Cooperation Agreement
“Assumed EPC Liabilities”	all debts and liabilities incurred or to be incurred by the Project Company in the Jiyuan Project pursuant to the EPC Contract
“Assumed Liabilities”	the Assumed EPC Liabilities and the Assumed Technical Liabilities
“Assumed Technical Liabilities”	all debts and liabilities incurred or to be incurred by the Project Company in the Jiyuan Project pursuant to the Technical Services Agreement
“Board”	the board of the Directors
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Cooperation Agreement”	the cooperation framework agreement dated 11 October 2016 entered into by and between the Purchaser, the Vendor, the Project Company and the EPC Contractor
“Director(s)”	director(s) of the Company
“EPC Contract”	the contract in respect of engineering, procurement and construction services provided and to be provided by the EPC Contractor for the Jiyuan Project
“EPC Contractor”	中國能源建設集團安徽電力建設第一工程有限公司 (China Energy Development Group, Anhui Electric Development Diyi Construction Co., Ltd.*), a company established in the PRC
“Equity Transfer Agreement”	the equity transfer agreement dated 11 October 2016 entered into by and between the Purchaser, the Vendor and the Project Company in respect of the transfer of the entire equity interest in the Project Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiyuan Project”	a 20 MW photovoltaic power plant owned by the Project Company in Jiyuan City, Henan Province of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	mega watts
“PRC”	The People’s Republic of China
“Project Company”	濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Guangfu Power Generation Co., Ltd.*), a company established in the PRC and principally engaged in the investment in and development of the Jiyuan Project

“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
“Technical Services Agreement”	the agreement to be entered into by the Project Company and the EPC Contractor in respect of the provision of technical services in the Jiyuan Project
“Vendor”	安徽鑄銳能源投資有限公司 (Anhui Zhurui Energy Investment 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, 11 October 2016

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. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.

* *For identification purpose only*