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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 DINGBIAN PROJECT COMPANY**

THE ACQUISITION

The board is pleased to announce on 14 November 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors, pursuant to which (i) the Purchaser agreed to acquire, and the Vendors agreed to sell, the entire equity interest in the Dingbian Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

Upon completion of the Acquisition, the Dingbian 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.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

THE ACQUISITION

On 14 November 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors, pursuant to which (i) the Purchaser agreed to acquire, and the Vendors agreed to sell, the entire equity interest in the Dingbian Project Company; and (ii) the Purchaser agreed to assume the Assumed Liabilities.

PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT

Date

14 November 2017 (after trading hours of the Stock Exchange)

Parties

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company and connected persons of the Company.

Subject matter

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

Upon completion of the Acquisition, the Dingbian 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

Execution of the Acquisition Agreement was subject to and conditional upon fulfilment of all necessary internal approval and authorisation procedures of the Vendors and the Purchaser for the transfer of equity interests under the Acquisition Agreement.

Consideration

The aggregate consideration for the Acquisition is RMB425,317,500, which comprises of:

- (i) an amount of RMB31,500 payable to the First Vendor and an amount of RMB3,500 payable to the Second Vendor, being the amounts of cash consideration for the transfer of 90% equity interest and 10% equity interest in the Dingbian Project Company, respectively (the “**Cash Consideration**”); and
- (ii) an amount of RMB425,282,500, being the aggregate amount of the Assumed Liabilities, which will be assumed by the Purchaser upon completion of the Acquisition.

The 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 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 Vendors 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.

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 liabilities and total asset value of the Dingbian Project Company as at 31 May 2017. 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 Vendors are two individuals and the First Vendor and the Second Vendor respectively hold 90% and 10% of the equity interest in the Dingbian Project Company as at the date of the Acquisition Agreement.

The Dingbian Project Company was established in the PRC on 28 August 2014. The Dingbian 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 Dingbian 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	For the period from 1 January 2017 to 31 May 2017 (Unaudited) RMB
Net loss before taxation	1,000	471,000	214,000
Net loss after taxation	1,000	471,000	214,000

The unaudited net liabilities and total asset value of the Dingbian Project Company as at 31 May 2017 was approximately RMB676,000 and RMB374,641,000 respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

The Company is principally engaged in the investment in and development of solar 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 solar 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.

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:

“Acquisition”	the acquisition of the entire equity interest in the Dingbian Project Company and the assumption of the Assumed Liabilities pursuant to the terms of the Acquisition Agreement
“Acquisition Agreement”	the equity transfer agreement dated 14 November 2017 entered into between the Purchaser and the Vendors in respect of the Acquisition
“Assumed Liabilities”	the aggregate amount of RMB425,282,500, which comprise of (i) the unaudited debt and liabilities in the amount of RMB375,317,500 incurred by the Dingbian Project Company as at 31 May 2017; and (ii) the unpaid registered capital in the amount of RMB49,965,000 of the Dingbian Project Company payable by the Vendors
“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
“Dingbian Project Company”	定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Co., Ltd*), a company established in the PRC

“Director(s)”	director(s) of the Company
“First Vendor”	Mr. Fung Zhi (馮智), holding 90% of the equity interest in the Dingbian Project Company as at the date of the Acquisition Agreement
“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 which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	a 50 MW solar power plant owned by the Dingbian Project Company in Dingbian County, Yulin City, Shaanxi Province, 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
“Second Vendor”	Mr. Li Rongguo (李榮國), holding 10% of the equity interest in the Dingbian Project Company as at the date of the Acquisition Agreement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the First Vendor and the Second Vendor, together holding 100% equity interest of the Dingbian Project Company as at the date of the Acquisition Agreement
“%”	per cent.

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

Hong Kong, 14 November 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, two non-executive Directors, Mr. Wu Tak Kong and Mr. Wang Ke, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Chen Kin Shing and Ms. Wang Fang.

* *For identification purposes only*