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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
BAOFENG PROJECT COMPANY**

THE BAOFENG ACQUISITION

The Board is pleased to announce that on 13 December 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Baofeng Acquisition Agreement with the Vendors, pursuant to which (i) the Purchaser agreed to acquire, and each of the Vendors agreed to sell their respective equity interests (representing in aggregate the entire equity interest) in the Baofeng Project Company; and (ii) the Purchaser agreed to assume the Baofeng Assumed Liabilities.

Upon completion of the Baofeng Acquisition, the Baofeng Project Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated 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 Baofeng Acquisition exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Baofeng 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 BAOFENG ACQUISITION

The Board is pleased to announce that on 13 December 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Baofeng Acquisition Agreement with the Vendors, pursuant to which (i) the Purchaser agreed to acquire, and each of the Vendors agreed to sell their respective equity interests (representing in aggregate the entire equity interest) in the Baofeng Project Company; and (ii) the Purchaser agreed to assume the Baofeng Assumed Liabilities.

The principal terms of the Baofeng Acquisition Agreement are summarised as follows:

Date

13 December 2017 (after trading hours of the Stock Exchange)

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company;
- (ii) Ms. Hu, as one of the Vendors; and
- (iii) Ms. He, as one of the Vendors.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Ms. Hu and Ms. He is a third party independent of the Company and connected persons of the Company.

Subject matter

As at the date of the Baofeng Acquisition Agreement, the Baofeng Project Company was owned as to 99% by Ms. Hu and as to 1% by Ms. He. Pursuant to the Baofeng Acquisition Agreement, (i) the Purchaser agreed to acquire, and each of the Vendors agreed to sell their respective equity interests (representing in aggregate the entire equity interest) in the Baofeng Project Company; and (ii) the Purchaser agreed to assume the Baofeng Assumed Liabilities.

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

Conditions precedent

The Baofeng Acquisition was subject to and conditional upon fulfilment of all necessary internal approval and authorisation procedures of the Purchaser for the transfer of equity interests in Baofeng Project Company under the Baofeng Acquisition Agreement.

Consideration

The aggregate consideration for the Baofeng Acquisition is RMB742,535,000, which comprises of:

- (i) an amount of RMB990,000 as cash consideration payable to Ms. Hu for the transfer of 99% equity interest in the Baofeng Project Company;
- (ii) an amount of RMB10,000 as cash consideration payable to Ms. He for the transfer of 1% equity interest in the Baofeng Project Company (together with the cash consideration payable to Ms. Wu, the “**Cash Consideration**”); and
- (iii) an amount of RMB741,535,000, being the aggregate amount of the Baofeng Assumed Liabilities, which will be assumed by the Purchaser upon completion of the Baofeng 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 Baofeng Acquisition Agreement (the “**Payment Date**”). The remaining consideration shall be settled by the Purchaser after completion of the Baofeng Acquisition. The aggregate consideration for the Baofeng Acquisition shall be satisfied by internal resources of the Group.

Pursuant to the Baofeng Acquisition Agreement, the Vendors undertake to pay up the registered capital of RMB1,000,000 of Baofeng Project Company within one (1) business day from the receipt of the Cash Consideration.

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 aggregate consideration for the Baofeng Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendors after taking into account the unaudited net asset value and total asset value of the Baofeng Project Company as at 30 November 2017. The Directors (including the independent non-executive Directors) consider that the consideration for the Baofeng 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.

Baofeng Project Company was established in the PRC on 22 December 2015.

As at the date of the Baofeng Acquisition Agreement, the Baofeng Project Company is owned as to 99% by Ms. Hu and as to 1% by Ms. He. The Baofeng Project Company is principally engaged in the investment in, development and operation of the Baofeng Project. As at the date of this announcement, the construction of the Baofeng Project has been completed and the power plant is connected to the power grid.

	From the date of incorporation to 31 December 2015 (Unaudited) RMB	For the year ended 31 December 2016 (Unaudited) RMB	For the period from 1 January 2017 to 30 November 2017 (Unaudited) RMB
Net profit before taxation	—	—	—
Net profit after taxation	—	—	—

The unaudited net assets and total asset value of the Baofeng Project Company as at 30 November 2017 was approximately Nil and RMB741,535,000 respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BAOFENG 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 Baofeng 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 Baofeng Acquisition Agreement has been entered into on normal commercial terms and is 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 Baofeng Acquisition exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Baofeng 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.

DEFINITIONS

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

“Baofeng Acquisition”	the acquisition of the entire equity interest in the Baofeng Project Company and the assumption of the Baofeng Assumed Liabilities pursuant to the terms of the Baofeng Acquisition Agreement
“Baofeng Acquisition Agreement”	the equity transfer agreement dated 13 December 2017 entered into between the Purchaser and the Vendors in respect of the Baofeng Acquisition
“Baofeng Assumed Liabilities”	the unaudited debts and liabilities incurred by the Baofeng Project Company, in the amount of approximately RMB741,535,000 as at 30 November 2017
“Baofeng Project”	a 100 MW solar power plant owned by the Baofeng Project Company in Baofeng County, Henan Province of the PRC
“Baofeng Project Company”	寶豐縣鑫泰光伏電力科技開發有限公司 (Baofeng Xintai Photovoltaic Power Technology Development Limited*), a company established in the PRC
“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
“Ms. He”	Ms. He Gao (何高), a third party independent of the Company and connected person of the Company
“Ms. Hu”	Ms. Hu Yanfang (胡延芳), a third party independent of the Company and connected person of the Company
“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
“Purchaser”	江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited*), 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
“Vendors”	Ms. Hu and Ms. He

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

Hong Kong, 13 December 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*