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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)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF GUANGZHOU BAOQIAN

THE GUANGZHOU BAOQIAN 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 Guangzhou Baoqian Acquisition Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell 30% of the equity interests in Guangzhou Baoqian at a consideration of RMB35,000,000.

Immediately before the Guangzhou Baoqian Acquisition, the equity interests in Guangzhou Baoqian was held as to 65% by the Purchaser, 30% by the Vendor and 5% by an Independent Third Party. Pursuant to the Guangzhou Baoqian Acquisition Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell 30% of the equity interests in Guangzhou Baoqian. Upon completion of the Guangzhou Baoqian Acquisition, Guangzhou Baoqian will continue to be a non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is interested in 30% of the equity interests in Guangzhou Baoqian, a non-wholly-owned subsidiary of the Company. Therefore, the Vendor is a substantial shareholder of Guangzhou Baoqian, and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Guangzhou Baoqian Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Guangzhou Baoqian Acquisition exceeds 1% and all the applicable percentage ratios are less than 5%, the transactions contemplated under the Guangzhou Baoqian Acquisition Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Guangzhou Baoqian Acquisition and the transactions contemplated under the Guangzhou Baoqian Acquisition Agreement are less than 5%, the entering into of the Guangzhou Baoqian Acquisition Agreement and the transactions contemplated thereunder do not constitute any notifiable transaction 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 GUANGZHOU BAOQIAN ACQUISITION

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The principal terms of the Guangzhou Baoqian 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; and
- (ii) the Vendor.

Subject matter

Immediately before the Guangzhou Baoqian Acquisition, the equity interests in Guangzhou Baoqian was held as to 65% by the Purchaser, 30% by the Vendor and 5% by an Independent Third Party. Pursuant to the Guangzhou Baoqian Acquisition Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell 30% of the equity interests in Guangzhou Baoqian. Upon completion of the Guangzhou Baoqian Acquisition, Guangzhou Baoqian will continue to be a non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

Conditions precedent

The Guangzhou Baoqian Acquisition was subject to and conditional upon fulfilment of the following conditions:

- (i) all necessary internal approval and authorisation procedures of the Vendor and the Purchaser (including board or shareholders' meeting) for the transfer of equity interests in Guangzhou Baoqian having been obtained; and
- (ii) the approval of Guangdong Financial Office* (廣東省金融工作辦公室) for the transfer of equity interests in Guangzhou Baoqian having been obtained.

Consideration

Pursuant to the Guangzhou Baoqian Acquisition Agreement, the aggregate consideration for the Guangzhou Baoqian Acquisition is RMB35,000,000, and shall be settled in full by the Purchaser by way of one-off payment within thirty (30) days from the date of transfer of 30% of the equity interests in Guangzhou Baoqian to the name of the Purchaser. The aggregate consideration for the Guangzhou Baoqian Acquisition shall be satisfied by internal resources of the Group.

Pursuant to the Guangzhou Baoqian Acquisition Agreement, the Purchaser and the Vendor shall comply with all provisions set out in the Guangzhou Baoqian Acquisition Agreement. If either party defaults, the defaulting party shall pay a default fee, representing 5% of the Consideration, to the non-defaulting party.

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

Guangzhou Baoqian was established in the PRC on 20 September 2016. As at the date of the Guangzhou Baoqian Acquisition Agreement, Guangzhou Baoqian is owned as to 65% by the Purchaser, 30% by the Vendor and 5% by an Independent Third Party. Guangzhou Baoqian is principally engaged in microfinance business.

	From the date of incorporation to 31 December 2016 (Unaudited) RMB	For the period from 1 January 2017 to 30 June 2017 (Unaudited) RMB
Net profit/(loss) before taxation	245,000	(855,000)
Net profit/(loss) after taxation	152,000	(855,000)
Net asset value	100,152,000	99,297,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE GUANGZHOU BAOQIAN 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.

To maximise the interests for the Shareholders and to divert its investments, the Company continues to look for suitable investment opportunities with steady and stable income and return. The Company intends to hold the equity interests in Guangzhou Baoqian as long-term investment with an objective to improve the capital usage efficiency and earn reasonable investment return.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Guangzhou Baoqian 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. No Director is considered to have material interest in Guangzhou Baoqian and therefore no Director was required to abstain from voting at the Board meeting approving the Guangzhou Baoqian Acquisition Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is interested in 30% of the equity interests in Guangzhou Baoqian, a non-wholly-owned subsidiary of the Company. Therefore, the Vendor is a substantial shareholder of Guangzhou Baoqian, and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Guangzhou Baoqian Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Guangzhou Baoqian Acquisition exceeds 1% and all the applicable percentage ratios are less than 5%, the transactions contemplated under the Guangzhou Baoqian Acquisition Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Guangzhou Baoqian Acquisition and the transactions contemplated under the Guangzhou Baoqian Acquisition Agreement are less than 5%, the entering into of the Guangzhou Baoqian Acquisition Agreement and the transactions contemplated thereunder do not constitute any notifiable transaction 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:

“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
“Guangzhou Baoqian”	廣州寶乾小額貸款有限公司 (Guangzhou Baoqian Microfinance Limited*), a company established in the PRC and a non-wholly-owned subsidiary of the Company
“Guangzhou Baoqian Acquisition”	the acquisition of 30% of the equity interests in the Guangzhou Baoqian pursuant to the terms set out in the Guangzhou Baoqian Acquisition Agreement

“Guangzhou Baoqian Acquisition Agreement”	the equity transfer agreement dated 13 December 2017 entered into between the Purchaser and the Vendor in respect of the Guangzhou Baoqian Acquisition
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Vendor”	中科恒源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*), a company established in the PRC

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