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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 SUBSCRIPTION OF SHARES OF INNER MONGOLIA
HOHHOT JINGU RURAL COMMERCIAL BANK LIMITED COMPANY***

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 14 December 2017, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Hohhot Jingu Bank, a commercial bank based in Inner Mongolia, pursuant to which the Subscriber agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent approximately 1.40% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Reference is made to the Previous Announcement. Pursuant to the Previous Subscriptions, the Company, through the Subscriber, has previously subscribed for an aggregate of 63,724,844 shares of Hohhot Jingu Bank, representing approximately 3.58% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase). Upon completion of the Subscription, the Company, through the Subscriber, will hold an aggregate of 88,600,000 shares of Hohhot Jingu Bank, representing approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscriptions, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Subscription Agreement constitute discloseable transactions 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.

INTRODUCTION

The Board is pleased to announce that on 14 December 2017, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Hohhot Jingu Bank, pursuant to which the Subscriber agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent approximately 1.40% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Reference is made to the Previous Announcement. Pursuant to the Previous Subscriptions, the Company, through the Subscriber, has previously subscribed for an aggregate of 63,724,844 shares of Hohhot Jingu Bank, representing approximately 3.58% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase), as at the date of this announcement.

Upon completion of the Subscription, the Company, through the Subscriber, will own an aggregate of 88,600,000 shares of Hohhot Jingu Bank, representing approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

14 December 2017

Parties

- (A) the Subscriber, as subscriber of the Subscription Shares; and
- (B) Hohhot Jingu Bank, as the issuer of the Subscription Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hohhot Jingu Bank and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject matter

Pursuant to the Approval, the CBRC Inner Mongolia Office approved the Capital Increase, pursuant to which Hohhot Jingu Bank may increase its capital and allot up to 500,000,000 shares. Upon completion of the Capital Increase, the number of issued shares of Hohhot Jingu Bank will increase from 1,279,615,333 shares to 1,779,615,333 shares.

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for, and Hohhot Jingu Bank agreed to allot and issue to the Subscriber, the Subscription Shares at the Subscription Price. The Subscription Shares represent approximately 1.40% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Subscription Price

Pursuant to the Subscription Agreement, the aggregate consideration of the Subscription in the amount of RMB74,625,468 (the "**Consideration**") shall be transferred to the designated bank account of Hohhot Jingu Bank within ten business days upon the entering of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations by the parties with reference to the net asset value per share of Hohhot Jingu Bank as at 31 December 2016. The Subscription will be funded by the Group's internal resources.

The Directors (including the independent non-executive Directors) consider that the Subscription Price is fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Default fee

Pursuant to the Subscription Agreement, the Subscriber and Hohhot Jingu Bank shall comply with all provisions set out in the Subscription Agreement. If one party defaults, the defaulting party shall pay a default fee, representing 5% of the Consideration payable for the Subscription, to the non-defaulting party.

Termination or adjustment of the Subscription due to regulatory policy adjustment or Hohhot Jingu Bank's operating needs shall not be deemed as Hohhot Jingu Bank's default. If the Subscription Agreement is terminated due to the abovementioned reasons, Hohhot Jingu Bank shall unconditionally return monies collected from the Subscriber.

Subscription Shares

The Subscription Shares represent approximately 1.94% of the issued share capital of Hohhot Jingu Bank as at the date of this announcement and approximately 1.40% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Upon completion of the Subscription, the Company, through the Subscriber, will, together with the 63,724,844 shares of Hohhot Jingu Bank subscribed in the Previous Subscriptions, hold an aggregate of 88,600,000 shares of Hohhot Jingu Bank, representing approximately 4.98% of the issued share capital of Hohhot Jingu Bank as enlarged by the Capital Increase (assuming that no other shares of Hohhot Jingu Bank will be issued prior to completion of the Capital Increase).

Upon completion of the Subscription, Hohhot Jingu Bank's investment will be accounted for as other investments of the Group and its financial results will not be consolidated into the consolidated financial statements of the Group.

Completion

Completion of the Subscription will occur when Hohhot Jingu Bank receives payment of the Consideration of the Subscription, which is expected to take place before end of January 2018.

INFORMATION ABOUT HOHHOT JINGU BANK

The predecessor of Hohhot Jingu Bank was Hohhot Jingu Rural Cooperative Bank* (呼和浩特金谷農村合作銀行), which has been transformed into Hohhot Jingu Bank in April 2014 with the approval of the CBRC Inner Mongolia Office. Hohhot Jingu Bank was duly incorporated in Inner Mongolia on 18 April 2014 as a joint stock company.

Hohhot Jingu Bank is a commercial bank whose banking products and services primarily consist of bank deposits; short term, medium term and long term loans and advances; settlement services in the PRC and other businesses approved by CBRC.

According to the published financial statements of Hohhot Jingu Bank, its consolidated financial results prepared in accordance with the PRC Accounting Standards for the three years ended 31 December 2014, 2015 and 2016 are as follows:

| | For the year ended 31 December 2014 RMB'000 | For the year ended 31 December 2015 RMB'000 | For the year ended 31 December 2016 RMB'000 |
|------------------------|--|--|--|
| Profit before taxation | 698,987 | 522,550 | 598,336 |
| Profit after taxation | 519,391 | 382,803 | 439,438 |
| Net assets | 3,047,194 | 3,772,618 | 5,046,395 |

REASONS FOR THE SUBSCRIPTION

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 Subscriber is a company established in the PRC principally engaged in investment in and development of solar power plants and investment holding.

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 Subscription and the Previous Subscriptions are long term investment and hence could improve the capital usage efficiency and earn reasonable investment return for the Company. Accordingly, the Board is of the view that the terms of the Subscription Agreement are fair and reasonable and the Subscription contemplated under the Subscription Agreement are commercially beneficial and in the interests of the Company and the 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 Subscription, when aggregated with the Previous Subscriptions, exceeds 5% and all the applicable percentage ratios are less than 25%, the transactions contemplated under the Subscription Agreement constitute discloseable transactions 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 terms shall have the meanings set out below unless the context requires otherwise:

| | |
|------------------------------|---|
| “Approval” | the approval by CBRC Inner Mongolia Office approving the Capital Increase |
| “Board” | the board of Directors |
| “Capital Increase” | the proposed capital increase and allotment of 500,000,000 shares by Hohhot Jingu Bank pursuant to the Approval |
| “CBRC” | China Banking Regulatory Commission* (中國銀行業監督管理委員會), an agency regulating the banking sector of the PRC except the territories of Hong Kong and the Macao Special Administrative Region of the People’s Republic of China |
| “CBRC Inner Mongolia Office” | China Banking Regulatory Commission Inner Mongolia Supervisory Authority* (中國銀行業監督管理委員會內蒙古監管局) |

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| “Company” | Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hohhot Jingu Bank” | Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company* (內蒙古呼和浩特金谷農村商業銀行股份有限公司), a joint stock company incorporated in the PRC |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Inner Mongolia” | the Inner Mongolia Autonomous Region of the People’s Republic of China |
| “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 |
| “Previous Announcement” | the announcement of the Company dated 27 February 2017 |
| “Previous Subscriptions” | the subscription of 6,600,000 and 57,124,844 shares of Hohhot Jingu Bank by the Subscriber pursuant to subscription agreements dated 30 December 2016 and 27 February 2017 respectively, as set out in the Previous Announcement |
| “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 Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | 江山永泰投資控股有限公司 (Kong Sun Yongtai Investment Holdings Limited*), a wholly-owned subsidiary of the Company and a company established under the laws of the PRC |

| | |
|--------------------------|--|
| “Subscription” | the subscription of the Subscription Shares by the Subscriber |
| “Subscription Agreement” | the subscription agreement dated 14 December 2017 entered into between the Subscriber and Hohhot Jingu Bank in respect of the Subscription |
| “Subscription Price” | RMB3 per Subscription Share |
| “Subscription Share(s)” | 24,875,156 shares of Hohhot Jingu Bank proposed to be subscribed by the Subscriber pursuant to the Subscription Agreement |

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

Hong Kong, 14 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 purpose only*