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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)

RESIGNATION OF AUDITOR

References are made to the announcements (the “**Announcements**”) of Kong Sun Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 March 2016 and 31 March 2016 in relation to the delay in publication of the Annual Results. Unless otherwise stated, capitalized terms used herein shall have the same meanings as ascribed thereto in the Announcements.

As stated in the Announcements, the Company has been in the process of preparing all the necessary information for the purpose of the audit for the Annual Results. Given that additional time is required for the Company to prepare the required information for KPMG, the Company’s auditor, and for KPMG to carry out auditing procedures in order to finalise the audit for the Annual Results, the Board hereby announces that KPMG has resigned as auditor of the Company with effect from 28 April 2016 as the Company and KPMG could not reach a consensus to the estimated audit fee for such additional work required to be conducted by KPMG.

The following paragraph setting out the unresolved issues and outstanding matters in respect of the audit for the Annual Results and the fact that the Company and KPMG could not reach a consensus to the estimated fee required to complete the audit for the Annual Results leading to the resignation of KPMG is extracted from the letter of resignation issued by KPMG to the Board and the audit committee of the Company (the “**Audit Committee**”) dated 28 April 2016.

“1. The Company and its subsidiaries (“the Group”) had certain sale transactions in respect of solar energy related products (sales amounts, including value-added tax, were around RMB727 million) in 2015, in which circumstances were noted that the

customers and the suppliers of these transactions belong to the same group. As of the date of this letter, the Company's management had not provided us with all the supporting documents in relation to these transactions (including but not limited to the basis for determining the transaction prices and the explanation for the commercial substance of these transactions);

- 2. The Group had entered into an equity repurchase agreement with a third party in respect of a subsidiary of the Group in Shaanxi ("Shaanxi subsidiary"), in which the third party agreed to repurchase the equity in Shaanxi subsidiary from the Group for a consideration of around RMB185 million and refund to the Group the consultancy service fee received of around HK\$80 million ("the refundable amount", which had not been received by the Group as of 31 December 2015). In addition, both parties had not agreed on the compensation amount in respect of the amounts incurred by the Group and capitalised as assets ("the assets to be compensated", which had a carrying value of around RMB50 million as at 31 December 2015). As of the date of this letter, the Company's management had not provided us with the audit evidences to support no recoverability and impairment risks existed in respect of the refundable amount and the assets to be compensated, respectively;*
- 3. A solar power plant of the Group in Dunhuang (with a carrying value of RMB487 million as at 31 December 2015) had been completed in January 2015 but was not connected to the power grid for generating electricity as of 31 December 2015. As of the date of this letter, the Company's management had not provided us with the audit evidences supporting no impairment issue existed for this solar power plant;*
- 4. The Group had provided loans and advances to and had current account with a third party in 2015 and the outstanding balances were around RMB1.09 billion at 31 December 2015. As of the date of this letter, the Company's management had not provided us with sufficient supporting documents in relation to these transactions and the audit evidences on the recoverability of these balances and whether the transactions are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules");*
- 5. As of the date of this letter, the Company's management had not provided us with the management accounts for the year ended 31 December 2015 in respect of certain subsidiaries of the Group (together with the relevant breakdowns and supporting documents) required for our audit;*
- 6. As of the date of this letter, the Company's management had not provided us with the sub-ledgers and relevant supporting documents in respect of certain account balances and disclosures of the Group's financial statements for the year ended 31 December*

2015 (including but not limited to sales and cost of sales, expenses, trade and other receivables, solar power plants, interest in a joint venture, goodwill, investment properties, trade and other payables, loans and borrowings, non controlling interests, capital and operating lease commitments and contingent liabilities);

- 7. As of the date of this letter, the Company's management had not provided us with the Group's consolidated cash flow statement for the year ended 31 December 2015, together with the relevant supporting documents;*
- 8. As of the date of this letter, the Company's management had not provided us with the post balance sheet events (if any) in connection with the Group's consolidated financial statements for the year ended 31 December 2015, together with the relevant supporting documents; and*
- 9. As of the date of this letter, the Company's management had not provided us with the Group's assessment on whether the use of going concern assumptions in preparing the Group's consolidated financial statements is appropriate, together with the relevant supporting documents."*

Save for the matters stated above, KPMG has confirmed that, there are no other matters that need to be brought to the attention of the shareholders of the Company. The Board and the Audit Committee confirm that, save for the foregoing, there is no disagreement between the Company and KPMG, and are not aware of any matters in respect of the resignation of the auditor that need to be brought to the attention of the shareholders of the Company. The Board would like to draw to the attention of the shareholders and potential investors of the Company that the operation of the Group remains as usual and its operations are not affected.

The Board further announces that the Board has been in discussions with BDO Limited with a view to appointing it as the new auditor of the Company to fill the casual vacancy following the resignation of KPMG.

The Company aims to finalize the Annual Results as soon as practicable and to release and publish the Annual Results before end of June 2016. The Company will keep its shareholders and potential investors informed of any further material development in relation to the appointment of the new auditor of the Company and the suspension of trading by way of further announcement as and when appropriate.

The Board would like to take this opportunity to express its sincere gratitude to KPMG for its professional and quality services rendered to the Company during the past years.

SUSPENSION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2016 and will remain suspended until further notice.

By order of the Board
Kong Sun Holdings Limited
Mr. Liu Wen Ping
Executive Director

Hong Kong, 28 April 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.