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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**

On 4 November 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the First Agreement with the First Vendor and the Project Company under which the Purchaser has agreed to acquire the First Sale Shares, representing 81% of the registered capital of the Project Company at the consideration of RMB45,493,400 (equivalent to approximately HK\$57,640,000).

On the same date, the Purchaser entered into the Second Agreement with the Second Vendor and the Project Company under which the Purchaser has agreed to acquire the Second Sale Shares, representing 19% of the registered capital of the Project Company at the consideration of RMB16,594,000 (equivalent to approximately HK\$21,025,000).

The Project Company is engaged in the development of a 20 MW photovoltaic power plant in Yumen City, Gansu Province, the PRC. Upon completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company.

#### **Implication under the Listing Rules**

As one of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is over 5% but below 25%, the Acquisition constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **THE ACQUISITION**

### **THE FIRST AGREEMENT**

#### **Date**

4 November 2014

#### **Parties**

- (1) the Purchaser, a wholly-owned subsidiary of the Company which is principally engaged in the business of investment holding;
- (2) the First Vendor; and
- (3) the Project Company

The First Vendor is an investment holding company. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Project Company and the First Vendor and its beneficial owner is independent of and not connected with the Company and its connected persons.

#### **Subject matter**

The Purchaser has agreed to acquire from the First Vendor the First Sale Shares, representing 81% of the registered capital of the Project Company, at the consideration of RMB45,493,400 (approximately HK\$57,640,000).

#### **Consideration**

The consideration for the acquisition of the First Sale Shares is RMB45,493,400 (equivalent to approximately HK\$57,640,000) and was determined after arm's length negotiations between the parties with reference to the agreed rate of return on the investment of the First Vendor.

The consideration will be funded by internal resources of the Group and will be settled within three business days from the completion of the registration of the transfer of the First Sale Shares with the administrative department for industry and commerce.

## **THE SECOND AGREEMENT**

### **Date**

4 November 2014

### **Parties**

- (1) the Purchaser, a wholly-owned subsidiary of the Company which is principally engaged in the business of investment holding;
- (2) the Second Vendor; and
- (3) the Project Company

The Second Vendor is an investment holding company. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Project Company and the Second Vendor and its beneficial owner is independent of and not connected with the Company and its connected persons.

### **Subject matter**

The Purchaser has agreed to acquire the Second Sale Shares, representing 19% of the registered capital of the Project Company, from the Second Vendor at the consideration of RMB16,594,000 (approximately HK\$21,025,000).

### **Consideration**

The consideration for the acquisition of the Second Sale Shares is RMB16,594,000 (equivalent to approximately HK\$21,025,000) and was determined after arm's length negotiations between the parties with reference to the designed generation capacity of the power plant and the percentage shareholding in the Project Company of the Second Vendor.

The consideration will be funded by internal resources of the Group and will be payable in the following manner:

- (a) as to 50% of the consideration, equivalent to RMB8,297,000 (approximately HK\$10,512,500) will be payable within three business days of the signing of the Second Agreement;
- (b) as to 40% of the consideration, equivalent to RMB6,637,600 (approximately HK\$8,410,000), will be payable within three business days of completion of the changes in the registration particulars of the Project Company with the administrative department for industry and commerce and the issue of the new business license of the Project Company; and
- (c) the balance 10% of the consideration, equivalent to RMB1,659,400 (approximately HK\$2,102,500), will be payable within three days after the expiry of six month period of the signing of the Second Agreement.

#### **INFORMATION ON THE PROJECT COMPANY**

The Project Company is a limited liability company established on 29 July 2013 in Yumen City, Gansu Province (甘肅省玉門市), the PRC and is principally engaged in the development of a 20 MW photovoltaic power plant. The Project Company has a registered capital of RMB40,000,000 and is owned as to 81% by the First Vendor and as to 19% by the Second Vendor.

The financial information of the Project Company for the period from 29 July 2013 to 31 December 2013 is as follows:

	<b>For the period from 29 July 2013 to 31 December 2013 (unaudited) RMB</b>
Net profit before tax	3,110
Net profit after tax	3,110
Net assets (as at 31 December 2013)	40,003,110

The net asset value of the Project Company as at 31 July 2014 was RMB45,697,000.

Upon completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated with the financial statements of the Company.

## **REASONS FOR THE ACQUISITION**

The Company is principally engaged in properties investment, manufacturing and sale of life-like plants, securities investment and investment in photovoltaic power plants in the PRC.

As stated in the 2013 annual report of the Company, the Company is looking for new investments and business opportunities. The Company has identified photovoltaic power generation as a focus, as it is environmentally friendly and is a sector encouraged by the central government of the PRC. The Company has, since late April 2014, entered into a number of memoranda of understanding and agreements for the development of photovoltaic power plants in Gansu, Hebei, Inner Mongolia, Anhui, Yunnan and Xinjiang provinces. The Acquisition signifies the furtherance of the Company's initiative into the photovoltaic power sector in the PRC.

The Directors (including the independent non-executive Directors) consider that the First Agreement and the Second Agreement have been entered into on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is over 5% but below 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Acquisition”	the acquisition of the entire equity interest in the Project Company pursuant to the First Agreement and the Second Agreement;
“Board”	the board of Directors of the Company;
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“First Agreement”	the agreement dated 4 November 2014 between the Company, the First Vendor and the Project Company in relation to the acquisition of the First Sale Shares;
“First Sale Shares”	81% in the registered capital of the Project Company;
“First Vendor”	深圳市洲際通商投資有限公司 (Shenzhen Intercontinental Trading Investment Co., Ltd.*), a company established in the PRC;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	mega watts;
“PRC”	the People’s Republic of China;
“Project Company”	玉門市永聯科技新能源有限公司 (Yumen Yonglian Technology New Energy Co., Ltd.*), a company established in 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 People’s Republic of China;
“Second Agreement”	the agreement dated 4 November 2014 between the Company, the Second Vendor and the Project Company in relation to the acquisition of the Second Sale Shares;
“Second Sale Shares”	19% in the registered capital of the Project Company;
“Second Vendor”	北京恒源天泰能源科技有限公司 (Beijing Hengyuan Tiantai Energy Technology Co., Ltd.*), a company established in the PRC;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

*For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.267.*

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

Hong Kong, 4 November 2014

*As of the date of this announcement, the Board comprises two executive directors, Mr. Chang Hoi Nam and Mr. Liu Wen Ping, one non-executive director, Mr. Liu Jinsong and three independent non-executive directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Dr. Wong Yun Kuen.*

\* *For identification purposes.*