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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 PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 13 December 2017, Yanan Fuqin, a wholly-owned subsidiary of the Company, Tianan and Zhuhai Jiuyin entered into the Partnership Agreement in relation to the Limited Partnership.

The total capital commitment of the Limited Partnership is RMB2,501,000,000. The capital contribution by Zhuhai Jiuyin, Yanan Fuqin and Tianan in the Limited Partnership will be RMB1,000,000, RMB500,000,000 and RMB2,000,000,000, respectively. The Limited Partnership is mainly engaged in, among other things, investments in high-tech, new industries, energy sector and other high growth unlisted enterprises.

As certain applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceed 5% and all of such ratios are less than 25%, the entering into the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

Reference is made to the Company's announcement dated 30 September 2017 in relation to the Cooperation Agreement in relation to the Limited Partnership (the "**Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

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PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

Date

13 December 2017

Parties

1. Zhuhai Jiuyin, as general partner and executive partner;
2. Tianan, as senior limited partner; and
3. Yanan Fuqin, as junior limited partner

Fund manager

Pursuant to the terms of the Partnership Agreement, Eagle Investment will be fund manager to the Limited Partnership.

Capital contribution

Pursuant to the Cooperation Agreement, the capital contribution by the Senior Limited Partner(s), Yanan Fuqin and Zhuhai Jiuyin will be RMB3,000,000,000 (subject to actual amounts contributed by the Senior Limited Partner(s)), RMB529,000,000 and RMB1,000,000, respectively. Due to changes to the foreseeable investment needs, the Partners to the Partnership Agreement agreed to reduce the size of the total capital contribution from RMB3,530,000,000 to RMB2,501,000,000. Pursuant to the terms of the Partnership Agreement, each of the Partners shall make capital contribution in cash to the Limited Partnership as follows:

Partners	Total capital contribution (RMB)	Approximate equity interest in the Limited Partnership
Zhuhai Jiuyin	1,000,000	0.04%
Yanan Fuqin	500,000,000	19.99%
Tianan	<u>2,000,000,000</u>	<u>79.97%</u>
Total	<u>2,501,000,000</u>	<u>100.00%</u>

Pursuant to the terms of the Partnership Agreement, the capital contribution of the Partners shall be made based on the actual investment needs of the Limited Partnership in accordance with the equity ratio above and at such times and in such amounts as Zhuhai Jiuyin may specify in a notice to the Partners.

The total amount of capital contribution to be made by each of the Partners to the Limited Partnership was determined after arm's length negotiations between the Partners, with reference to, among other things, the projected capital requirements of the Limited Partnership. The Group intends to finance its capital contribution by the internal resources of the Group.

Upon completion of the capital contribution by Yanan Fuqin, Yanan Fuqin's investment in the Limited Partnership 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.

With the unanimous approval of the Partners, the Limited Partnership may continue to seek capital from the Partners and other investors.

Business scope of the Limited Partnership

The Limited Partnership was established on 9 August 2016 in Taizhou, Zhejiang Province, the PRC.

The business scope of the Limited Partnership is equity investments and related consulting services. The Limited Partnership is mainly engaged in, among other things, investments in high-tech, new industries, energy sector and other high growth unlisted enterprises.

Term of the Limited Partnership

Pursuant to the Partnership Agreement, the term of the Limited Partnership formed among the Partners shall be five (5) years. Subject to the terms of the Partnership Agreement, the Limited Partnership can be terminated earlier with the unanimous consent of the Partners.

Management of the Limited Partnership

Eagle Investment, as fund manager, is responsible for, among other things, obligations under relevant laws and regulations, including registrations, filings and procedures with relevant authorities, responding to Yanan Fuqin's inquiries and coordinating the negotiation and execution of agreements between investors, target investment enterprises, third party institutions and other parties.

Zhuhai Jiuyin, as general partner and executive partner, is responsible for, among other things, organising meetings of the investment decision committee, representing the Limited Partnership in executing documents, representing the Limited Partnership in disposing of rights to assets of the Limited Partnership, activities necessary to realise the Limited Partnership's objectives and to protect the legal interests of the Limited Partnership, participating and voting in meetings of the Partners as well as periodic reports to other partners.

The Limited Partnership shall have an investment decision committee composing five members. Each partner will nominate one member, and all Partners shall jointly hire two external consultants as members of the investment decision committee. The investment decision committee is responsible for, among other things, reviewing and approving investment targets, scope, size and timing, as well as the acquisition, possession, management, maintenance and disposal of investment assets.

The investment decision committee shall obtain the consent of the investment consultation committee before resolving to decide for or against investment in a project, disposal of the Limited Partnership's assets or interests, changes to investment interests which affect the Limited Partnership, exiting an investment, as well as relevant matters that the investment consultation committee believes may affect the interests of the Limited Partnership.

The investment consultation committee shall be composed of two representatives appointed by Tianan. Zhuhai Jiuyin may appointed one representative to act as the secretary general to the investment consultation committee, who will be responsible for calling and holding the meetings of the investment consultation committee, but has no right to vote in relation to matters discussed at the meeting. In addition to the responsibility set out in the above paragraph, the investment consultation committee's role includes the review of related party transactions of the Limited Partnership (except for matters which Tianan should abstain) and review of other matters for which Zhuhai Jiuyin or the investment decision committee seek the investment consultation committee's opinion.

Management Fees

Pursuant to the terms of the Partnership Agreement, the Limited Partnership shall pay Eagle Investment quarterly Management Fees at 0.38% per annum of the actual aggregate capital contributions of the limited partners to the Limited Partnership. Eagle Investment shall not collect performance-based compensation. Management Fees shall be calculated based on the actual number of days of which Eagle Investment has provided management service to the Limited Partnership.

The Management Fees were arrived upon arm's length negotiation between the parties with reference to (i) the market rate of management fee payable for provision of similar services for limited partnerships of similar size and nature of the Limited Partnership; (ii) the investment management and administrative services expected to be provided by Eagle Investment to the Limited Partnership; and (iii) the terms of the Limited Partnership.

Profit and Assets Distribution

Pursuant to the terms of the Partnership Agreement, when net profits are available for distribution after deducting the Management Fees and other operating taxes and expenses incurred during the Limited Partnership, the Limited Partnership shall first distribute to Tianan an amount equal to an annualised rate of return of 7% on the actual capital contribution of Tianan (calculated from the point in time when actual capital contribution is made) (the "**Senior Limited Partner's Profit Distribution**").

Eagle Investment, as fund manager, has the right to distribute the profits of the Limited Partnership to Tianan quarterly on the first 20 December following the execution of the Partnership Agreement, on 20 March, 20 June, 20 September and 20 December of each subsequent year and on the final day of Limited Partnership's term.

After the Senior Limited Partner's Profit Distribuion, the assets of the Limited Partnership shall be distributed in the following order of priority (where the assets are not sufficient to cover an item, there shall be no distribution to the next item in the order of priority):

- (1) payment to Tianan, as senior limited partner, an amount equal to Tianan's actual capital contribution;
- (2) payment to Zhuhai Jiuyin, as general partner, an amount equal to Zhuhai Jiuyin's actual capital contribution and an annualised rate of return of 7% on the actual capital contribution of Zhuhai Jiuyin (calculated from the point in time when such capital contribution is actually made);

- (3) payment to Yanan Fuqin, as junior limited partner, an amount equal to Yanan Fuqin's actual capital contribution; and
- (4) any remainder to Yanan Fuqin as junior limited partner.

Loss Sharing

Limited partners are liable for losses of the Limited Partnership up to their respective capital contributions. Yanan Fuqin, as junior limited partner, shall have priority to bear liability for such losses (limited to the amount of Yanan Fuqin's capital contribution) before Tianan, as senior limited partner, bears liability. Zhuhai Jiuyin, as general partner, shall bear unlimited joint liability for the debts of the Limited Partnership.

Undertakings

As protection to Tianan's capital and investment return as senior limited partner, Yanan Fuqin, as junior limited partner, undertakes that Yanan Fuqin will not exit the Limited Partnership and will not in anyway reduce its capital contribution portion in the Limited Partnership before Tianan receives all of its investment capital and Senior Limited Partner's Profit Distribution.

Rationale for the Arrangements of Profit Distribution, Loss Sharing and Undertakings

The profit distribution, loss sharing and undertaking arrangements were agreed among the parties upon arm's length negotiation taking into consideration of:

- (i) the amount of capital contribution to be made by each of the Partners. In particular, the capital contribution agreed to be made by Tianan in the Limited Partnership, being RMB2,000,000,000, represents four times the capital contribution agreed to be made by Yanan Fuqin;
- (ii) the size of the Limited Partnership (with the support of Tianan's financial resources) being a relatively sizeable investment opportunity for the Group in light of the amount of capital contribution required to be made by Yanan Fuqin;
- (iii) the business profile of Tianan, as further detailed in the paragraph headed "Information of the Parties" below, and the demonstrated strong performance of Tianan in the PRC market; and

- (iv) the Group's strategic co-operation with Tianan which may bring to the Group other valuable opportunities for co-operation in the long run.

Accordingly, the Directors are of the view that the profit distribution, loss sharing and undertaking arrangements are fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

Transfer of interest in the Limited Partnership

Transfer of a limited partner's interest in the Limited Partnership is subject to approval at a meeting of the Partners. Transfer of all or partial of the general partner's interest to party(ies) other than the Partner(s) in the Limited Partnership is subject to unanimous approval of the limited partners, and the limited partner(s) have priority to acquire for the transfer of such interest.

INFORMATION ON THE PARTIES

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.

Yanan Fuqin is a wholly-owned subsidiary of the Company which is principally engaged in investment holding.

Eagle Investment is a limited liability company established in the PRC in 2010 and is principally engaged in fund management in the PRC. Eagle Investment has a strong shareholder base, which includes well-known investment institutions, such as 廣州市粵豐創業投資有限公司 (Guangzhou Yuefeng Venture Investment Co., Ltd.*), Guangdong Weihua Group Company Ltd. and 特華投資控股有限公司 (Tehua Investment Holding Co., Ltd.*). The management team of Eagle Investment is comprised of experts with who have extensive experience in securities, bank, insurance, trusts and equity funds. Based on the public information available to the Company, Eagle Investment manages funds with a portfolio of more than RMB10 billion. Eagle Investment currently possesses various qualifications, including being a member of the Securities Association of China, the first batch of special members of asset management of the Asset Management Association of China, a member of the China Association for Public Companies, a member of the Insurance Asset Management Association of China, a founding member and standing council member of the secondary market union of 全國股權投資機構 (National Equity Investment Institution*) and the vice chairman of the technological and financial joint meeting of 全國股權投資機構 (National Equity Investment Institution*).

Zhuhai Jiuyin is a limited liability company established in the PRC in 2013 and is principally engaged in fund management in the PRC. Zhuhai Jiuyin is a wholly-owned subsidiary of Eagle Investment and was registered as a private fund manager in the Asset Management Association of China in 2014.

Tianan is a limited liability company established in the PRC in 2000 and is principally engaged in the provision of comprehensive life insurance services. It is a leading life insurer in the PRC, and based on public information available to the Company, as of the third quarter of 2017, Tianan has total assets exceeding RMB149 billion, registered capital of RMB14.5 billion, operations in 10 branches across the PRC, and over 1.86 million customers.

The Company considers that Eagle Investment, Zhuhai Jiuyin, and Tianan have adequate and solid experience and capabilities in capital investments and acquisitions, which in turn will bring value-added contribution to the Limited Partnership so as to generate promising returns and in turn bring additional returns to the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Eagle Investment, Zhuhai Jiuyin and Tianan and their respective ultimate beneficial owners are independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE PARTNERSHIP AGREEMENT

The Limited Partnership will mainly be engaged in, among other things, investments in high-tech, new industries, energy sector and other high growth unlisted enterprises.

The Directors are of the view that, through the Limited Partnership, the Group will be able to benefit from attractive investment opportunities in these industries. Investing in the Limited Partnership allows the Group to maximise the use of its funds with the aim of obtaining satisfactory return. In addition, one of the investment objectives of the Limited Partnership is to invest in the energy industry. As a limited partner, the Group could introduce its solar power plant projects to the investment decision committee of the Limited Partnership, which in turn provides a chance for an additional source of funding for the Group's solar power plant projects.

The Directors are of the view that the entering into of the Partnership Agreement is in line with the overall development strategy of the Group and the terms of the Limited Partnership are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceed 5% and all of such ratios are less than 25%, the entering into the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Partners”	Collectively, Zhuhai Jiuyin, Tianan and Yanan Fuqin
“Partnership Agreement”	the agreement entered into on 13 December 2017 among the Partners in relation to the Limited Partnership
“Tianan”	Tianan Life Insurance 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*