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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

PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 11 November 2022, Kong Sun Yongtai, an indirect wholly-owned subsidiary of the Company, Huafei Liru, Shenzhen Shentai, Shanghai Qianrongzhen and Xizang Xuandong entered into the Partnership Agreement in relation to the formation of the Limited Partnership.

The total capital commitment of the Limited Partnership is RMB222,000,000. The capital contribution by Huafei Liru, Shenzhen Shentai, Kong Sun Yongtai, Shanghai Qianrongzhen and Xizang Xuandong in the Limited Partnership will be RMB1,000,000, RMB1,000,000, RMB200,000,000, RMB10,000,000 and RMB10,000,000, respectively. The Limited Partnership will be principally engaged in the investments in the upstream and downstream industries of traditional energy and new energy such as power generation, energy storage, power sales, oil and gas.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Partnership Agreement is more than 5% but all of them are lower than 25%, the entering into the Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

Date

11 November 2022

Parties

1. Huafei Liru, as general partner and executive partner;
2. Shenzhen Shentai, as general partner;
3. Kong Sun Yongtai, as limited partner;
4. Shanghai Qianrongzhen, as limited partner; and
5. Xizang Xuantong, as limited partner.

Capital contribution

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 capital contribution in the Limited Partnership
Huafei Liru	1,000,000	0.45%
Shenzhen Shentai	1,000,000	0.45%
Kong Sun Yongtai	200,000,000	90.10%
Shanghai Qianrongzhen	10,000,000	4.50%
Xizang Xuantong	10,000,000	4.50%
Total	222,000,000	100.000%

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 capital contribution ratio above and at such times and in such amounts as the General Partners 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 the projected capital requirements of the Limited Partnership. The Group intends to finance its capital contribution to the Limited Partnership by the internal resources.

Upon completion of the capital contribution by Kong Sun Yongtai, the Limited Partnership will be accounted as a financial asset measured at fair value through other comprehensive income of the Company and the financial results of the Limited Partnership will not be consolidated by the Group. As at the date of this announcement, the Limited Partnership does not have any historical financial results.

Business scope of the Limited Partnership

The Limited Partnership is principally engaged in the investments in the upstream and downstream industries of traditional energy and new energy such as power generation, energy storage, power sales, oil and gas.

Term of the Limited Partnership

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

Management of the Limited Partnership

Huafei Liru will act as the executive partner which is responsible for organising meetings of the investment decision committee, representing the Limited Partnership in executing documents, protecting the interests of the Limited Partnership, appointing professional advisers for and on behalf of the Limited Partnership, engaging in dispute resolution and litigation to protect the interests of the Limited Partnership, as well as managing the daily operational matters of the Limited Partnership. The general partner, Shenzhen Shentai, shall assist Huafei Liru to execute the partnership affairs and provide various consultation and guidance. The Limited Partners are not involved in the management of the Limited Partnership.

The Limited Partnership shall have an investment decision committee comprising seven members. Each Partner will nominate one member to the investment decision committee. The General Partners will jointly nominate two investment experts as members of the investment decision committee, subject to the unanimous approval of all Partners. The investment decision committee is responsible for reviewing and approving investment targets, scope, size and timing, as well as the acquisition, possession, management, maintenance and disposal of investment assets. Each member of the investment decision committee shall have one vote, and the matters to be voted on shall be approved by unanimous consent of all members.

Management Fees

Pursuant to the terms of the Partnership Agreement, the Limited Partnership shall pay management fees to the General Partners at 0.1% per annum of the actual aggregate capital contributions of the limited partners to the Limited Partnership (the “**Management Fees**”). Management Fees shall be calculated based on the actual number of days of which they have provided management service to the Limited Partnership. The General Partners shall not collect performance-based compensation.

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 the General Partners to the Limited Partnership; and (iii) the terms of the Limited Partnership. The Management Fees shall be borne by the Partners in proportion to their capital contribution amounts in the Limited Partnership.

Profits 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 each Limited Partner an amount equal to an annualised rate of return of 9% on the respective actual capital contribution (the “**Limited Partner’s Profits Distribution**”). After the Limited Partner’s Profits Distribution, the Limited Partnership shall pay to each Limited Partner and then each General Partner an amount equal to its respective actual capital contribution. Any remainder amount after the above distributions will be distributed to each Limited Partner in proportion to its respective capital contribution to the Limited Partnership.

The 9% annualised rate of return to each Limited Partner was determined with reference to (i) the market rate of return payable to limited partners for limited partnerships of similar size and nature to the Limited Partnership; and (ii) the terms of the Limited Partnership.

Losses Sharing

Limited partners are liable for losses of the Limited Partnership up to their respective capital contributions.

Transfer of interest in the Limited Partnership

The withdrawal of any Limited Partner shall be subject to the unanimous consent of all the Partners. Transfer of a Limited Partner's interest in the Limited Partnership is subject to approval by the General Partners, and the other Limited Partners shall have the right to acquire such interest. The General Partners shall not unreasonably object to the transfer of interests by the Limited Partners.

INFORMATION ON THE PARTIES

Kong Sun Yongtai is an indirect wholly-owned subsidiary of the Company and is principally engaged in the investment in and operation of solar power plants.

The Company is principally engaged in the investment in and operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services and asset management.

Huafei Liru is a company established in the PRC with limited liability and is principally engaged in private equity and venture capital investment in the PRC. Huafei Liru is wholly-owned by 西藏興仁投資有限公司 (Xizang Xingren Investment Co., Ltd.*), which is in turn owned as to 98% and 2% equity interest by Mr. Chen Jianye and Mr. Deng Yongping, respectively, who are both PRC residents.

Shenzhen Shentai is a company established in the PRC with limited liability and is principally engaged in private equity and venture capital investment in the PRC. Shenzhen Shentai is owned as to 80% and 20% equity interest by 深圳市一對一投資發展有限公司 (Shenzhen Yiduiyi Investment Development Co., Ltd.*) ("**Shenzhen Yiduiyi**") and Shanghai Qianrongzhen, respectively. Shenzhen Yiduiyi is owned as to 90%, 5% and 5% equity interest by Mr. Jia Haifeng, Mr. Jia Haihong and Mr. Li Dengjian, respectively, who are all PRC residents.

Shanghai Qianrongzhen is a company established in the PRC with limited liability and is principally engaged in investment, management and consultancy businesses in the PRC. Shanghai Qianrongzhen is owned as to 80% and 20% equity interest by Mr. Liu Qingbo and Mr. Du Yu, respectively, who are both PRC residents.

Xizang Xuantong is a company established in the PRC with limited liability and is principally engaged in investment, management and consultancy businesses in the PRC. Xizang Xuantong is owned as to 98% and 2% by Mr. Chen Jianye and Mr. Deng Yongping, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Limited Partners (save for Kong Sun Yongtai) and the General Partners and their respective ultimate beneficial owners are independent of the Company and connected persons of the Company.

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

The Limited Partnership will be principally engaged in the investments in the upstream and downstream industries of traditional energy and new energy such as power generation, energy storage, power sales, oil and gas. The formation of the Limited Partnership will introduce strategic partners to the Group. The Company considers that the General Partners have adequate and solid experience and capabilities in capital investments and acquisitions, which in turn will bring value-added contribution to the Limited Partnership and generate additional returns to the Company through its investment in the Limited Partnership.

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 an aim of obtaining satisfactory returns.

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.

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GENERAL

As none of the Directors has a material interest in the Partnership Agreement, no Directors are required to abstain from voting on the resolutions of the Board to approve the Partnership Agreement.

DEFINITIONS

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

“Board”	board of Directors
“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)”	director(s) of the Company
“General Partners”	Shenzhen Shentai and Huafei Liru
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huafei Liru”	霍爾果斯江山華飛利如股權投資有限公司(Khorgos Jiangshan Huafei Liru Investment Equity Management Co., Ltd.*), a company established in the PRC with limited liability
“Kong Sun Yongtai”	江山永泰投資控股有限公司(Kong Sun Yongtai Investment Holding Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Limited Partners”	Kong Sun Yongtai, Shanghai Qianrongzhen and Xizang Xuantong
“Limited Partnership”	北京紅楓新能源合夥企業(有限合夥)(Beijing Hong Kong New Energy Investment Partnership (Limited Partnership)*) (Proposed name, subject to actual registration), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	the Limited Partners and the General Partners
“Partnership Agreement”	the agreement dated 11 November 2022 entered into by and among the Partners in relation to the formation of the Limited Partnership

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Qianrongzhen”	上海仟榮臻投資諮詢有限公司(Shanghai Qianrongzhen Investment Consultancy Co., Ltd.*), a company established in the PRC with limited liability
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen Shentai”	深圳市前海樂泰新能源投資管理有限公司(Shenzhen Shenzhen Shentai New Energy Investment Management Co., Ltd.*), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xizang Xuantong”	西藏玄彤投資有限公司(Xizang Xuantong Investment Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent.

By Order of the Board
Kong Sun Holdings Limited
Mr. Jin Yanbing
Executive Director

Hong Kong, 11 November 2022

As at the date of this announcement, the Board comprises two executive Directors, Mr. Jin Yanbing and Mr. Wang Shaoyuan, one non-executive Director, Mr. Jiang Hengwen, and three independent non-executive Directors, Ms. Tang Yinghong, Ms. Wu Wennan and Mr. Xu Xiang.

* *For identification purposes only*