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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Stock Code: 295)

(incorporated in Hong Kong with limited liability)

**WINDING-UP PETITION AND SUPPLEMENTARY LOAN
AGREEMENT AND
MEMORANDUM OF UNDERSTANDING**

Winding-up petition

Reference is made to the Company's Announcement on 28 March 2006 concerning the hearing on 10 April 2006 for the winding-up petition (the "Petition") filed by, Industrial and Commercial International Capital Limited (the "Creditor"). The Company has finally reached an agreement with the Creditor and a consent summons has been filed to the High Court on 8 April 2006 for withdrawal of the Petition. The Company is still waiting for the official release of the court order from the High Court and will make further announcement on the issue.

Supplementary Loan Agreement and Memorandum of Understanding (the "Supplemental LMOU")

Reference is made to the Company's Announcement on 10 November 2005 concerning the extension of the Loan Agreement and Memorandum of Understanding (the "LMOU") to 8 April 2006 by signing the Supplementary LMOU on 10 October 2005. The Company is now in negotiation with the Investor for a possible further extension of the LMOU. The Company will make instant announcement concerning the result of the negotiation.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 June 2004 at the request of the Company.

In view of a number of outstanding issues pertaining to the financial conditions of the Company, shares will remain suspended pending demonstration by the Company to the satisfaction of the Stock Exchange that, among others, the Company is able to comply with Rule 13.24 of the Listing Rules..

Shareholders and the public are advised to exercise caution when dealing in the Shares.

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General

The Directors confirm that they have not dealt in the securities of the Company since 30 March 2004 and they will not deal in the Shares until the Annual Results are announced.

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Shareholders and the public are advised to exercise caution when dealing in the Shares.

The Board as at the date hereof comprises:

Kong Lok King
(Chairman and Managing Director)

Kong Li Jer
(Executive Director)

Kong Li Szu
(Executive Director)

Ip Man Tin, David
(Independent non-executive Director)

By Order of the Board
Kong Li Szu
Executive Director

Hong Kong, 12 April 2006

Please also refer to the published version of this announcement in The Standard.