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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 AND APPOINTMENT OF AUDITORS

The board of directors (the “**Board**”) of Kong Sun Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that RSM Nelson Wheeler (“**RSM**”) resigned as auditors of the Group with effect from 17 July 2006. The reason for their resignation is due to the failure between the Company and RSM to reach a mutual agreement on the audit fee in respect of the audit of the Group’s financial statements for the financial year ended 31 December 2005. RSM confirmed in their letter of resignation dated 17 July 2006 that there were no circumstances connected with their resignation which they consider should be brought to the attention of the members or creditors of Group.

The Board also confirms that there was no other disagreement between the Company and RSM saves for the failure to mutually agree the audit fee and there were no circumstances connected with the change of auditors and any other matters which the Board considers should be brought to the attention of the members or creditors of the Group. However, there are various matters regarding the Group’s financial statements for the financial year ended 31 December 2004, but have already been disclosed in the Group’s 2004 Annual Report, which RSM has drawn to the attention to the audit committee of the Group. The audit committee has taken recommendations from RSM and has alerted the Board, among other things, to enhance the corporate governance of the Group.

The Board has appointed CCIF CPA Limited as the succeeding auditors of the Group to fill the casual vacancy following the resignation of RSM. According to the Articles of Association, appointment of auditors are governed by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Section 131(5) of the Ordinance provides that the Directors may fill any casual vacancy in the office of auditor. Since RSM resigned from the office of auditors pursuant to section 140A of the Ordinance, the Board has the power to appoint CCIF CPA Limited to fill the casual vacancy left by RSM. Since CCIF CPA Limited will hold office until the forthcoming annual general meeting (the “**AGM**”) of the Company to be held at Unit A, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong on 24 July 2006 at 11:00 a.m., the Board will recommend and nominate CCIF CPA Limited for reappointment at the AGM, which will be subject to shareholders’ approval.

Upon approval by the shareholders of the Company at the AGM, CCIF CPA Limited will hold office until the conclusion of the next annual general meeting after the AGM. Further announcement will be made upon the appointment of CCIF CPA Limited as the new auditors of the Group becoming effective.

Reference is also made to the Company’s announcement dated 15 May 2006 concerning the delay in announcement of 2005 Annual Results and dispatch of 2005 Annual Report (the “2005 Results”) to August 2006. Given the aforesaid change of auditors, the Board still expects the 2005 Results will be released in August 2006 and further announcement will be made after the Board confirms the exact schedule with the auditors or if there is any diversion from the schedule.

General

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 because the Company was unable to disclose timely its 2003 Annual Results according to the requirements of Listing Rules.

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.

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)

Cham Yiu Keung
(Executive Director)

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

Mr. Chan Chiu Hung Alex
(Independent non-executive Director)

Mr. Lo Tat Shing
(Independent non-executive Director)

By order of the Board
Kong Li Szu
Executive Director

Hong Kong, 20 July 2006

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