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If you have sold or transferred all your shares in Kong Sun Holdings Limited (the “**Company**”), you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities.



KONG SUN HOLDINGS LIMITED
江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

**(1) SECOND CONVERTIBLE BONDS PLACING AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an extraordinary general meeting of the Company (the “**EGM**”) to be held at Unit A, 1/F, Lippo Leighton Tower, 103 Leighton Road, Hong Kong on 24 June 2008 at 11:30 a.m. is set out from page 23 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 46/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

6 June 2008

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Introduction	4
Second Convertible Bonds Placing Agreement	4
The EGM	12
Procedure to demand a poll at the EGM	13
Recommendations	14
Additional information	14
Appendix – General information of the Company	15
Notice of EGM	23

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 May 2008, among other things, in relation to (1) the further extension of long stop date in relation to the Tree Acquisition and CB Placing Agreement and (2) the Second CB Placing Agreement
“Articles”	an article of the articles of association of the Company
“Board”	the board of Directors
“Bonus Shares”	the issue of three new Shares per Conversion Share to the holders of Convertible Bonds credited as fully paid upon their exercise of the conversion rights attached to the Convertible Bonds and/or the Second Convertible Bonds
“Brightpower”	Brightpower Assets Management Limited
“CB Placing Agreement”	the placing agreement dated 24 April 2007 and entered into between the Company and the Placing Agent for the proposed placing of the Convertible Bonds
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange
“Conversion Shares”	new Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds and/or the Second Convertible Bonds
“Convertible Bonds”	the 8% convertible bonds due in three years from the date of issue to be issued by the Company pursuant to the CB Placing Agreement
“December Circular”	the circular of the Company dated 31 December 2007, among other things, in relation to (1) acquisition of manufacturing business; (2) acquisition of property holding companies; (3) placing of convertible bonds; and (4) proposed increase in authorised share capital
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Shareholders to be convened and held to pass the necessary resolutions in relation to the Second CB Placing Agreement and the transactions contemplated thereunder

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Latest Practicable Date”	3 June 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2008 or such other date as the parties to the Second CB Placing Agreement may otherwise agree
“Maturity Date”	three years from the date of issue of the Convertible Bonds
“MOU Announcement”	the announcement of the Company dated 11 April 2008, among other things, in relation to the signing of the memorandum of understanding regarding the sole and exclusive right to develop a piece of land located in the Siem Reap province of Cambodia into the hotel resort and commercial complex
“Placing Agent”	Kingston Securities Limited (itself and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company)
“PRC”	People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties Acquisition”	the conditional acquisition of certain properties in Hong Kong pursuant to a sale and purchase agreement dated 28 June 2007 and entered into between Lead Power Investments Limited, a wholly owned subsidiary of the Company and Ms. Chu Yuet Wah and Ms. Ma Siu Fong as vendors, details of which were set out in the December Circular
“Second CB Placing Agreement”	the placing agreement dated 24 April 2008 and entered into between the Company and the Placing Agent for the proposed placing of the Second Convertible Bonds

DEFINITIONS

“Second Convertible Bonds”	the 8% convertible bonds due in three years from the date of issue to be issued by the Company pursuant to the Second CB Placing Agreement
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tree Acquisition”	the conditional acquisition of a manufacturing business pursuant to a sale and purchase agreement dated 19 May 2007 and entered into between Brightpower, Eternal Gain Investments Limited, a wholly owned subsidiary of the Company, and the Company, details of which were set out in the December Circular
“Tree Convertible Bonds”	a 4% unsecured convertible bonds due three years from the date of issue for an aggregate principal amount of HK\$40 million to be issued by the Company to satisfy part of the consideration for the Tree Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

Executive Directors:

Mr. Tse On Kin (*Chairman*)

Mr. Chan Chi Yuen

Mr. Kong Li Szu

Independent non-executive Directors:

Dr. Wong Yuen Kuen

Ms. Lo Miu Sheung, Betty

Mr. Chan Chiu Hung, Alex

Registered office and

principal place of business:

Unit A, 1st Floor

Lippo Leighton Tower

103, Leighton Road

Causeway Bay, Hong Kong

6 June 2008

To the Shareholders

Dear Sir or Madam,

**(1) SECOND CONVERTIBLE BONDS PLACING AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Company published an announcement dated 23 May 2008 in relation to, among other things, the Second CB Placing Agreement.

The purpose of this circular is to provide you with, among other things, further details of (i) the Second CB Placing Agreement; (ii) further information of the Company; and (iii) notice of the EGM.

SECOND CONVERTIBLE BONDS PLACING AGREEMENT

I. The Second Convertible Bonds

On 24 April 2008, the Company entered into a Second CB Placing Agreement with the Placing Agent in respect of the conditional issue of the Second Convertible Bonds in the principal amount of HK\$25 million.

LETTER FROM THE BOARD

The holders of the Second Convertible Bonds will be entitled to convert the Second Convertible Bonds into Conversion Shares at the Conversion Price and upon such conversion, will be entitled to receive three Bonus Shares.

Save for the principal amount of the Second Convertible Bonds of HK\$25 million, all other principal terms of the Second Convertible Bonds pursuant to the Second CB Placing Agreement are same as those of CB Placing Agreement dated 24 April 2007. The principal terms of the Second Convertible Bonds are set out in the section “II. Principal terms of the Second Convertible Bonds” below.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, each of the Placing Agent and its ultimate beneficial owners, being Ms. Chu Yuet Wah and Ms. Ma Siu Fong, is Independent Third Party. Ms. Chu Yuet Wah and Ms. Ma Siu Fong are the vendors of the Properties Acquisition, details of which were set out in the December Circular, and the ultimate beneficial owners of Kingston Finance Limited, a major creditor of the Company.

II. Principal terms of the Second Convertible Bonds

Issuer:	the Company
Placing Agent:	Kingston Securities Limited
Basis:	Fully underwritten basis
Placees:	Not less than six placees to be procured by the Placing Agent who, and each of their ultimate beneficial owners (where appropriate), are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company. The placees and their ultimate beneficial owners (where appropriate) will also be third parties independent of (a) Brightpower and its ultimate beneficial owners and their respective associates; and (b) Ms. Chu Yuet Wah and Ms. Ma Siu Fong and their respective associates.

The Placing Agent will not place to any placee an amount of the Second Convertible Bonds which will entitle each holder of the Second Convertible Bonds and their respective associates to become a substantial shareholder (as defined under the Listing Rules) of the Company upon full conversion of their respective Second Convertible Bonds and the issue of the corresponding Bonus Shares.

LETTER FROM THE BOARD

The Placing Agent has given an undertaking to the Company that it will appoint sub-placing agents (where appropriate) to ensure sufficient amounts of the Second Convertible Bonds will be placed to sufficient number of places so that the Placing Agent will not have to underwrite such amounts of the Second Convertible Bonds entitling it to convert into 30% or more of the equity interest in the Company upon full conversion of the Second Convertible Bonds and issue of Bonus Shares, and the Placing Agent's equity interest in the Company will not be more than the Kong's family's interest in the Company, the controlling Shareholder of the Company holding in aggregate 1,525,507,921 Shares of the existing share capital, representing 59.56% of the total issued share capital as at the Latest Practicable Date. The Placing Agent will not become a substantial shareholder of the Company.

Amount:	HK\$25 million
Maturity Date:	Three years from the date of issue of the Second Convertible Bonds
Conversion Period:	The Second Convertible Bonds can be converted, at the option of the holders of the Second Convertible Bonds, at any time and from time to time from the date of issue of the Second Convertible Bonds to and include the Maturity Date.
Coupon:	8% per annum, payable semi-annually in arrears
Security:	The Second Convertible Bonds will be unsecured
Conversion Price:	HK\$0.10 per Conversion Share
	The conversion price will be subject to adjustments for, amongst other things, consolidations or subdivisions of Shares, capital distributions, bonus issues, rights issues and other usual events which may have a dilution effect on the Conversion Shares to be allotted and issued to the holders of the Second Convertible Bonds upon the exercise of the conversion right attached to under the Second Convertible Bonds.
Conversion Shares:	250,000,000 Conversion Shares will be issued pursuant to a specific mandate to be sought at the EGM to approve the Second Convertible Bonds and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all Shares in issue at the date of allotment and issue of such Conversion Shares.

Transferability:

With the prior notification to the Company, the Second Convertible Bonds (or any part thereof) may be transferred or assigned by the holders of the Second Convertible Bonds in whole or in multiples of HK\$1,000,000 to any party other than a connected person of the Company. Any proposed transfer to a connected person of the Company (as defined in the Listing Rules) or its associates shall be subject to the prior consent of the Company, and where applicable, compliance by the holders of the Second Convertible Bonds with the relevant laws and regulations, including but not limited to the Listing Rules.

Bonus Shares:

Upon exercise of the conversion right attached to the Second Convertible Bonds for the Conversion Shares, the holders of the Second Convertible Bonds will be entitled to receive three Bonus Shares for every Conversion Share so converted.

750,000,000 Bonus Shares will be credited as fully paid by way of capitalization of an amount of not less than HK\$75 million in the share premium account of the Company earmarked for this purpose.

Assuming full conversion of the Second Convertible Bonds, 250,000,000 Conversion Shares and 750,000,000 Bonus Shares will be issued to the holders of the Second Convertible Bonds on the basis of three Bonus Shares for each Conversion Share. The aggregate 1,000,000,000 Conversion Shares and Bonus Shares to be issued represent approximately 39.04% of the existing issued share capital of the Company and approximately 28.08% of the enlarged issued share capital of the Company upon the issue of Conversion Shares and Bonus Shares.

The Bonus Shares will be issued pursuant to a specific mandate to be sought at the EGM to approve the Second Convertible Bonds and the transactions contemplated thereunder.

The Bonus Shares, when allotted and issued, will rank pari passu in all respects with all Shares in issue at the date of allotment and issue of such Bonus Shares.

LETTER FROM THE BOARD

Redemption:

The Company has the right to redeem at any time during the Conversion Period all or part of the outstanding Second Convertible Bonds in multiples of HK\$1,000,000 at its par value.

The Second Convertible Bonds may be redeemed by the holders of the Second Convertible Bonds after end of the 24th month from the date of issue of the Second Convertible Bonds to the Maturity Date or upon occurrence of an event of default and if so requested in writing by the holders of the Second Convertible Bonds. The following events will constitute an event of default:

- (i) non-payment of any amount due under any Second Convertible Bonds;
- (ii) appointment of receivership, declaration of insolvency or a bankruptcy petition against the Company;
- (iii) the Group as a whole ceases to carry on its ordinary course of business;
- (iv) adverse material change in the business nature of the Group as a whole;
- (v) material cross default by the Company or any of its subsidiaries;
- (vi) trading in the Shares on the Stock Exchange being suspended for a period of more than ten (10) consecutive trading days excluding any suspension for the purposes of clearing any announcement and circular in relation to any transactions conducted on the part of the Company under the Listing Rules; or
- (vii) material adverse change in the financial condition of the Company or any of its subsidiaries.

LETTER FROM THE BOARD

Mandatory Conversion: Parties have agreed that at any time during the Conversion Period, the Company has the right to mandatorily convert all the outstanding amount of the Second Convertible Bonds into Conversion Shares.

The initial conversion price of HK\$0.10 per Conversion Share represents:

- (i) a premium of 300% over the closing price of HK\$0.025 per Share as quoted on the Stock Exchange on 16 June 2004, being the last trading day before the date of the Announcement; and
- (ii) a premium of approximately 297% over the average of the closing prices of approximately HK\$0.0252 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 16 June 2004, being the last trading day before the date of the Announcement;
- (iii) a premium of approximately 355% over the audited consolidated net asset value of the Company per Share of approximately HK\$0.022 as at 31 December 2007; and
- (iv) the nominal price of the Share of HK\$0.10 each.

Since three Bonus Shares will be issued upon successful conversion of one Conversion Share, for illustration purpose, the average price of HK\$0.025 for each of the Conversion Share and the three Bonus Shares represents:

- (i) the same price of HK\$0.025 per Share as quoted on the Stock Exchange on 16 June 2004, being the last trading day before the date of the Announcement; and
- (ii) a discount of approximately 0.79% to the average of the closing prices of approximately HK\$0.0252 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 16 June 2004, being the last trading day before the date of the Announcement;
- (iii) a discount of approximately 13.64% to the audited consolidated net asset value of the Company per Share of approximately HK\$0.022 as at 31 December 2007; and
- (iv) a discount of 75% to the nominal price of the Share of HK\$0.10 each.

The following table illustrates the shareholding structure of the Company upon full conversion of the Convertible Bonds and the Second Convertible Bonds and issue of the Bonus Shares which will not result in a change of control of the Company.

LETTER FROM THE BOARD

Shareholders	Shares in issue as at the date of the resumption proposal		Shares in issue upon full conversion of Convertible Bonds and issue of Bonus Shares and the conversion of the Tree Convertible Bonds pursuant to the December Circular		Shares in issue upon full conversion of Convertible Bonds and the Second Convertible Bonds, issue of Bonus Shares, and the conversion of the Tree Convertible Bonds	
	Shares	%	Shares	%	Shares	%
Kong Fa Holding Limited	1,053,850,042	41.15	1,053,850,042	15.14	1,053,850,042	13.24
Kong Sun Enterprise Sdn. Bhd.	403,375,794	15.74	403,375,794	5.78	403,375,794	5.07
Kong Look Sen (deceased) (Note 1)	22,760,695	0.89	22,760,695	0.33	22,760,695	0.28
Kong Li Jer (Note 2)	22,760,695	0.89	22,760,695	0.33	22,760,695	0.28
Kong Li Szu	22,760,695	0.89	22,760,695	0.33	22,760,695	0.28
Subtotal for Kong's Family	1,525,507,921	59.56	1,525,507,921	21.91	1,525,507,921	19.15
Brightpower	–	–	400,000,000	5.75	400,000,000	5.02
Public						
Existing public shareholders	1,035,659,000	40.44	1,035,659,000	14.88	1,035,659,000	13.01
Holders of Convertible Bonds (Note 3)	–	–	4,000,000,000	57.46	4,000,000,000	50.24
Holders of Second Convertible Bonds (Note 3)	–	–	–	–	1,000,000,000	12.58
Subtotal for Holders of Convertible Bonds	–	–	4,000,000,000	57.46	5,000,000,000	62.82
Subtotal for public Shareholders	1,035,659,000	40.44	5,035,659,000	72.34	6,035,659,000	75.83
Total	<u>2,561,166,921</u>	<u>100</u>	<u>6,961,166,921</u>	<u>100</u>	<u>7,961,166,921</u>	<u>100</u>

Notes:

1. Father of Kong Li Szu who passed away on 6 July 2004.
2. Brother of Kong Li Szu.
3. Not less than six places to be procured by the Placing Agent. The Placing Agent undertakes that no Convertible Bond or Second Convertible Bond holder will take up upon conversion 30% or more of the equity interest nor become a substantial holder. Thus, there will not be a change in control of the Company upon the completion of full conversion of the Convertible Bonds and the Second Convertible Bonds.

LETTER FROM THE BOARD

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares and the Bonus Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Second Convertible Bonds.

The Company undertakes to the Stock Exchange that it will notify the Stock Exchange upon becoming aware of any dealings in the Second Convertible Bonds by any connected persons of the Company.

III. Conditions precedent to the issue of the Second Convertible Bonds

The issue of the Second Convertible Bonds is conditional upon the following conditions being satisfied on or before the Long Stop Date:

- (a) the Stock Exchange approving the resumption of trading in the Shares of the Company;
- (b) the obtaining of the necessary shareholders' approval of the Company at the EGM in relation to the Second CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Second Convertible Bonds, the allotment and issue of up to 250,000,000 Conversion Shares; and the allotment and issue of up to 750,000,000 Bonus Shares;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Conversion Shares and the Bonus Shares; and

If the above conditions are not satisfied on the Long Stop Date, or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Second CB Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Second CB Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

IV. Application for listing

No application will be made by the Company for listing of the Convertible Bonds on any stock exchanges.

Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Conversion Shares.

LETTER FROM THE BOARD

V. Use of proceeds

The aggregated net proceeds upon full conversion of the Convertible Bonds and the Second Convertible Bonds of approximately HK\$121.7 million (being gross proceeds of HK\$125 million net of placing commission and professional service fee of approximately HK\$3.3 million) will be used as to repay all the Group's outstanding indebtedness of approximately HK\$77 million, representing the aggregate amount of current and non-current liabilities as at 31 December 2007 pursuant to the result announcement dated 29 April 2008, settle the Tree Promissory Note of approximately HK\$20 million and the remaining balance as general working capital of the Group upon completion of the Tree Acquisition and the Properties Acquisition as well as the development of the cooperation project pursuant to the MOU Announcement.

VI. Listing Rules implication

As at the Latest Practicable Date, as the Company did not have a general mandate to issue and allot Shares, the issue of the Conversion Shares upon the conversion of the Second Convertible Bonds and the issue of the Bonus Shares will be made under a specific mandate to be obtained from the Shareholders at the EGM.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, none of the Shareholders have any material interest in the Second CB Placing Agreement. Accordingly, no Shareholder is required to abstain from voting in EGM to be convened to approve the Second CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Second Convertible Bonds, the allotment and issue of up to 250,000,000 Conversion Shares; and the allotment and issue of up to 750,000,000 Bonus Shares.

The Directors, including the independent non-executive Directors, believe the terms of the Second CB Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

THE EGM

At the EGM to be convened, the necessary ordinary resolutions will be proposed to consider and, if thought fit, to approve the Second CB Placing Agreement and the transactions contemplated thereunder including the issue of the Second Convertible Bonds, the Conversion Shares upon exercise of the conversion rights attached to the Second Convertible Bonds and the issue of the Bonus Shares.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, none of the Shareholders have any material interests in the issuance of the Second Convertible Bonds, and no Shareholder is required to abstain from voting the relevant resolutions in the EGM.

The notice of EGM is set out on pages 23 to 24 of this circular.

LETTER FROM THE BOARD

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PROCEDURE TO DEMAND A POLL AT THE EGM

According to the Article 60, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three shareholders present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Member or Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right vote at the meeting; or
- (d) by any Member or Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the Listing Rules, by the chairman of the meeting, any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent or more of the total voting rights at such meeting.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the terms of the Second CB Placing Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the aforesaid agreement.

ADDITIONAL INFORMATION

The principal activities of the Group are property investment and development.

Trading in the Shares was suspended with effect from 9:30 a.m. on 17 June 2004 at the request of the Company and will remain suspended until further notice.

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully
For and on behalf of
The Board of Directors of
Kong Sun Holdings Limited
Tse On Kin
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was, and immediately following the issue of the Tree Conversion Shares pursuant to the December Circular, the Conversion Shares and the Bonus Shares will be as follows:

		<i>HK\$</i>
<i>Authorised share capital</i>		
4,000,000,000	Shares as at the Latest Practicable Date	400,000,000.00
<i>Issued, fully paid or credited as fully paid</i>		
2,561,166,921	Shares in issue as at the Latest Practicable Date	256,116,692.10
400,000,000	new Shares to be allotted and issued as Tree Conversion Shares upon full conversion of the Tree Convertible Bonds pursuant to Tree Acquisition	40,000,000.00
5,000,000,000	new Shares to be allotted and issued as Conversion Shares upon full conversion of the Convertible Bonds and the Second Convertible Bonds and the issue of the Bonus Shares	500,000,000.00
7,961,166,921	total number of Shares immediately following full conversion of the Tree Convertible Bonds, the Convertible Bonds and the Second Convertible Bonds	796,116,692.10

All the Shares in issue rank pari passu with each other in all respects including all rights as to dividends, voting and interest in capital among themselves and with all other Shares in issue on the date of issue.

Save as disclosed above, neither the Company nor any member of the Group has any options, warrants and conversion rights convertible into Shares granted or agreed conditionally or unconditionally to be granted.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of director	Notes	Number of shares held and nature of interest		Total	Percentage of issued share capital
		Personal	Corporate		
Kong Look Sen (deceased)	(1)	22,760,695	1,457,225,836	1,479,986,531	57.79
Kong Li Jer	(1)	22,760,695	1,457,225,836	1,479,986,531	57.79
Kong Li Szu	(2)	22,760,695	1,053,850,042	1,076,610,737	42.04

Notes:

- (1) The corporate interests in 1,457,225,836 shares comprise of 1,053,850,042 shares being held by Kong Fa Holding Limited ("Kong Fa") and 403,375,794 shares by Kong Sun Enterprise Sdn. Bhd. ("KSE"), respectively. Mr. Kong Look Sen, who was a director and shareholder of Kong Fa and KSE, had passed away on 6 July 2004 and all his shares are being held under Estate. Mr. Kong Li Jer is a director and shareholder of Kong Fa and KSE.
- (2) The corporate interest of 1,053,850,042 shares is held by Kong Fa, of which Mr. Kong Li Szu is a director and shareholder.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions

which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders in other members of the Group

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) or corporation had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Long positions in the Shares

Name	Number of shares			Percentage of holding
	Corporate interest	Security interest	Beneficial owner	
Kong Fa*	1,053,850,042	–	–	41.15
KSE	403,375,794	–	–	15.75
Ng Leung Ho*	–	596,052,085	–	23.27
Brightpower	–	–	400,000,000	–
Placing Agent	–	–	5,000,000,000	–

* Included in the shares held by Kong Fa, 596,052,085 shares were pledged to Ng Leung Ho for a loan facility granted to the Group.

(ii) Long positions in the shares of other member of the Group

Name of Subsidiary	Name of substantial shareholder	No. of shares held	Approximate percentage
Xswim (Holding) Limited	Easternet Limited	511	46.8

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (not being Directors or chief executive of the Company) or corporation who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates was considered to have any interests in a business, which competed or was likely to compete, either directly or indirectly with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

5. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, the Directors confirm that there was no contract or arrangement subsisting at the Latest Practicable Date in which a Director was materially interested and which was significant in relation to the business of the Group.

6. INTERESTS IN ASSETS

The Directors confirm that none of the Directors has any interest, direct or indirect, in any assets which had been, since 31 December 2007, being the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service agreement with any member of the Group, which will expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

8. LITIGATION

(a) Mr. Cheung Yik Wang

On 3 November 2003, an action was commenced by Mr. Cheung Yik Wang ("CYW"), who claims himself as an investor of Easternet Limited which owns 46% of Xswim (Holding) Limited ("Xswim Holding") which is a 54% owned subsidiary of the Company, against Mr. Kong as 1st defendant, the Company's director, and the Company as 2nd defendant for recovering a sum of HK\$11,600,000 together with interest and costs in connection with a cheque issued

on 20 December 2002 by the Company to CYW which was dishonoured upon presentation for payment. It was alleged that the cheque was issued by the Company as a guarantee for payment of a cheque issued by Mr. Kong. A defence was filed by the Company on 19 January 2004. CYW also filed a reply to defence on 17 February 2004. Up to the Latest Practicable Date, this action is still in progress and no hearing date has been fixed.

In the opinion of the directors, in 2002, Xswim Holding, a non-wholly owned subsidiary of the Company, and its subsidiaries (“Xswim Group”) advanced the Company an aggregate of approximately HK\$15,241,000. In 2002, the Company repaid Xswim Group HK\$5,600,000 leaving a balance of approximately HK\$9,641,000 outstanding (the “Outstanding Balance”) and requested CYW to advance HK\$2,000,000 (the “Intended Loan”) to the Company. As a result, the Company and Mr. Kong respectively issued on 20 December 2002 a cheque with an amount of HK\$11,600,000 each payable to CYW as securities for the Outstanding Balance and the Intended Loan, although CYW has never advanced the Intended Loan to the Company. The Company repaid in full the Outstanding Balance to Xswim Group in 2003. Upon the full repayment of the Outstanding Balance in 2003, in the opinion of the directors, the Company no longer had legal or financial obligations to pay CYW and thus refused to present the cheque previously issued to CYW in 2003.

With the advices by the Company’s legal adviser, the directors are of the opinion that the Group has proper and valid defences to the CYW’s action and accordingly, no provision for loss has been accounted for in the financial statements for the year ended 31 December 2007.

(b) Ex-landlord

On 30 March 2004, an action was commenced by the landlord of the office premises of the Group (the “Ex-landlord”) against Pacpo Hong Kong Limited (“Pacpo Hong Kong”), a wholly owned subsidiary of the Company, for overdue rental, building management and miscellaneous fees, together with arrears of rental up to the date of delivery of vacant possession of the said office premises, interests, cost and/or other relief of approximately HK\$207,000. This case was heard by The High Court of The Hong Kong Special Administrative Region on 21 June 2004 and judgement was issued in favour of the Ex-landlord. Accordingly, the Group is liable to pay the Ex-landlord approximately HK\$712,000. However, the Group only settled approximately HK\$226,000 in aggregate to the Ex-landlord. In December 2004, the Group and the Ex-landlord entered into a settlement arrangement, under which the Group agrees to pay the outstanding debts of approximately HK\$486,000 by 14 monthly instalments, the first of which is to be paid in January 2005. In the meantime, the landlord shall withhold any action to enforce the judgement. However, the Group has defaulted the settlement of the aforesaid amount. Up to the Latest Practicable Date, no action has been taken by the Ex-landlord in respect of the default in repayments of the unsettled amount. A full provision of the unsettled amount of approximately HK\$486,000 has been made in the financial statements for the year ended 31 December 2007.

(c) **Koffman Securities Limited (“Koffman Securities”)**

On 13 May 2004, an action was commenced by Koffman Securities against Kong Sun Resources Limited (“Kong Sun Resources”), as 1st defendant, a wholly owned subsidiary of the Company, and the Company’s director, Mr. Kong Li Szu (“Mr. Kong”) as 2nd defendant, for specific performance of an option to repurchase certain investment properties (the “Premises”) of the Group. The Premises was previously sold to the Group in 2002 for a consideration of HK\$21,000,000 by Koffman Securities satisfied by the issuance of 56,000,000 ordinary shares of the Company (the “Consideration Shares”) the Premises, which was subsequently disposed of by the Group in 2005. It is alleged that Kong Sun Resources and Mr. Kong gave an oral guarantee that:

- (i) Kong Sun Resources would make good and pay to Koffman Securities of those Consideration Shares sold at a market price not less than HK\$0.375 per share in the period of thirty six months commencing from 10 June 2002 so that Koffman Securities would receive not less than HK\$0.375 per Consideration Share; and
- (ii) Kong Sun Resources granted Koffman Securities an option to repurchase the Premises for a consideration of HK\$21,000,000 at any time within a period of five years commencing from 10 May 2002, as security for the due and punctual performance of the alleged obligation mentioned in (i) above.

Koffman Securities claimed (i) against Kong Sun Resources to transfer the Premises to Koffman Securities for a consideration of HK\$21,000,000 or such consideration as the court may determine, and (ii) against Kong Sun Resources and Mr. Kong the sum of approximately HK\$12,889,000 being the total amount of outstanding differences in the price of the Consideration Shares disposed of and the alleged oral guarantee amount of HK\$0.375 per Consideration Share together with damages, interest, cost and/or other relief. Up to the Latest Practicable Date, this action is still in progress and no hearing date has been fixed.

With the advices by the Company’s external legal adviser, the directors are of the opinion that the Group has proper and valid defences to this action in that Kong Sun Resources has never made the alleged guarantee to Koffman Securities and the Group had no legal or financial obligations to Koffman Securities in respect of the alleged claims. Accordingly, no provision for commitment or loss has been accounted for in the financial statements for the year ended 31 December 2007.

As at the Latest Practicable Date, save for the above and so far as is known to the Directors, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Enlarged Group after the date falling two years prior to the date of the Announcement and up to the Latest Practicable Date and which are or may be material:

- (i) the Term Sheet;
- (ii) the CB Placing Agreement;
- (iii) the CB Supplemental Agreement;
- (iv) the Second Supplemental Agreement;
- (v) the Third Supplemental Agreement;
- (vi) the Fourth Supplemental Agreement;
- (vii) the Second CB Placing Agreement;
- (viii) the Properties Acquisition Agreement;
- (ix) the Properties Supplemental Agreement;
- (x) the Second Properties Supplemental Agreement;
- (xi) the Third Properties Supplemental Agreement;
- (xii) the Fourth Properties Supplemental Agreement;
- (xiii) the Tree Acquisition Agreement;
- (xiv) the Tree Supplemental Agreement;
- (xv) the Second Tree Supplemental Agreement;
- (xvi) the Third Tree Supplemental Agreement;
- (xvii) the Fourth Tree Supplemental Agreement.

10. MISCELLANEOUS

- (i) The registered office of the Company is Unit 1, 1st Floor, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong.
- (ii) The company secretary and the qualified accountant of the Company is Mr. Brandon Mak. He is an associate member of Hong Kong Institute of Certified Public Accountants.

- (iii) The principal share registrar of the Company is Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (iv) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit A, 1/F, Lippo Leighton Tower, 103 Leighton Road Causeway Bay, Hong Kong between 10:00 a.m. to 5:00 p.m. on any weekday other than public holiday from the date of this circular up to and including the date of the EGM:

- (i) the Memorandum and Articles of Association;
- (ii) the annual reports of the Company for the two financial years ended 31 December 2006 and 2007;
- (iii) the interim report of the Company for the six months ended 30 June 2007;
- (iv) the material contracts referred to under "Material contracts" in Appendix to this circular;
- (v) this circular.

NOTICE OF EGM



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Kong Sun Holdings Limited (the “**Company**”) will be held at Unit A, 1/F, Lippo Leighton Tower, 103 Leighton Road Causeway Bay, Hong Kong on 24 June 2008 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT

- (a) the placing agreement (the “**Second CB Placing Agreement**”) dated 24 April 2008 and entered into between Kingston Securities Limited (the “**Placing Agent**”) and the Company in relation to the placing, on a fully unwritten basis, of the 8% unsecured convertible bonds with principal amount of HK\$25 million due three years from the date of issue by the Company (the “**Second Convertible Bonds**”) be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of such number of new shares of the Company (the “**Conversion Shares**”) of HK\$0.10 each in the share capital of the Company at the initial conversion price of HK\$0.10 per Conversion Share (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds) upon exercise of the conversion rights attached to the Second Convertible Bonds be and are hereby approved;
- (c) the allotment and issue of such number of new shares of the Company (the “**Bonus Shares**”) of HK\$0.10 each in the share capital of the Company credited as fully paid to the holders of the Second Convertible Bonds upon their valid exercise of the conversion rights attached to the Second Convertible Bonds in the ratio of three Bonus Shares per Conversion Share be and are hereby approved; and

NOTICE OF EGM

- (d) the Directors be and are hereby authorised to execute all such documents and do all such acts and things as they consider desirable, necessary or expedient in connection with and to give effect to the Second CB Placing Agreement, including but not limited to the issue of the Second Convertible Bonds and the allotment and issue of the corresponding Conversion Shares and the Bonus Shares.”

By order of the Board
Kong Sun Holdings Limited
Tse On Kin
Chairman

Hong Kong, 6 June 2008

*Registered office and
principal place of business:*
Unit A, 1st Floor,
Lippo Leighton Tower
103, Leighton Road
Causeway Bay, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed with this circular of the Company. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, then one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
5. As at the Latest Practicable Date, the Board comprises three executive directors, Mr. Tse On Kin, Mr. Chan Chi Yuen and Mr. Kong Li Szu; and three independent non-executive directors, Dr. Wong Yuen Kuen, Ms. Lo Miu Sheung, Betty and Mr. Chan Chiu Hung, Alex.