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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)

ANNOUNCEMENT
PROGRESS OF RESUMPTION OF TRADING

Financial adviser to Kong Sun Holdings Limited

VEDA | CAPITAL
智略資本

Pursuant to Practice Note 17 to the Listing Rules, the Stock Exchange served a notice dated 16 May 2007 to the Company giving the Company a period of six months for the submission of a viable resumption proposal to the Stock Exchange, failing which the Stock Exchange may give notice to cancel the listing of the Company on the expiry of the six months from the date of the notice, i.e. on 15 November 2007.

The Proposal was submitted to the Stock Exchange on 31 October 2007 and updated information was subsequently submitted to the Stock Exchange on 23 June 2008.

A Listing Committee hearing was held on 26 June 2008, the Stock Exchange issued the Letter to the Company stated that the Listing Committee decided to allow the Company to proceed with the Proposal, subject to prior compliance with the following conditions to the satisfaction of the Listing Division within six months from the date of the Letter, i.e. on 26 December 2008.

The release of this announcement does not necessarily mean that the Proposal will be successfully implemented and completed or that the resumption of trading in the Share has been or will be approved by the Stock Exchange. Trading in the Shares has been suspended at the request of the Company since 9:30 a.m. on 17 June 2004 and will continue to be suspended until further notice. Further announcements will be made when material developments take place.

BACKGROUND

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

Pursuant to Practice Note 17 to the Listing Rules, the Stock Exchange served a notice dated 16 May 2007 to the Company giving the Company a period of six months for the submission of a viable resumption proposal to the Stock Exchange, failing which the Stock Exchange may give notice to cancel the listing of the Company on the expiry of the six months from the date of the notice, i.e. on 15 November 2007.

A Proposal dated 31 October 2007 was submitted to the Stock Exchange in response to its notice dated 16 May 2007, providing the Stock Exchange with information about the Group in terms of, among other things, its response to the auditor's qualification on the financial statements of the Group after suspension, its operations, financial position and performance to demonstrate its compliance to Listing Rule 13.24 that it has sufficient level of operations and has sufficient value of tangible assets, its plan and implementation of adequate and effective financial reporting system and internal control procedures, and its future development. Subsequently, on 23 June 2008, the Company provided the Stock Exchange with updated information relating to the Proposal.

A Listing Committee hearing was held on 26 June 2008, the Stock Exchange issued a letter dated 27 June 2008 (the "**Letter**") to the Company stated that the Listing Committee decided to allow the Company to proceed with the Proposal, subject to prior compliance with the following conditions to the satisfaction of the Listing Division within six months from the date of the Letter, i.e. on 26 December 2008.

The conditions are:

- (a) the Company issuing announcement(s) to disclose (i) the Proposal and the actions taken by the Company to remedy those matters that gave rises to the Stock Exchange's proposal to cancel the listing of the Company; and (ii) the transactions for which the Company has failed to comply with the notifiable and connected transaction requirements under the Listing Rules;
- (b) compliance with the applicable requirements in the Listing Rules, including the shareholders' approval requirement, in respect of the transactions contemplated under the Proposal;
- (c) completion of the Tree Acquisition, the Properties Acquisition and the proposed placing of the Convertible Bonds and the Second Convertible Bonds;

- (d) the Company undertaking to appoint an independent professional firm to conduct a full scope review on the financial reporting system and internal control procedures of the enlarged Group after completion of the Proposal and that
- the Company will procure the professional firm to issue a review report, together with any proposed remedial measures and timetable for implementation of such remedial measures, within six months from the date of completion of the Proposal; and
 - the Company will report the progress of its implementation of the remedial measures proposed by the professional firm in its annual report(s) for the year ending 31 December 2008 and subsequent financial year(s);
- (e) appointment of a compliance adviser pursuant to Listing Rule 3A.20 to provide guidance and advice to the Company on Listing Rule compliance issues.

Such appointment shall be made, and the function of the compliance adviser shall be designated, in accordance with Chapter 3A of the Listing Rules in force from time to time. The appointment shall end no earlier than the date on which the Company complies with Listing Rule 13.46 in respect of its financial results for the second full financial year from the date of the appointment of the compliance adviser. During such period, the Company must consult with and seek advice from the compliance adviser on a timely basis in the circumstances set out in Listing Rule 3A.23 and the compliance adviser must discharge its responsibilities with due care and skill as required under Listing Rule 3A.24; and

- (f) Mr. Kong undertaking that (i) he will undertake training in compliance and corporate governance matters for at least 24 hours on courses held by the Hong Kong Institute of Directors or recognized professional organization(s) acceptable to the Listing Division within six months from the date of the Letter; and (ii) he will furnish to the Listing Division evidence of attendance within two weeks after full compliance with the training requirement.

The deadline for the Company to satisfy the conditions set out above may be extended by the Listing Division on good cause being shown by the Company.

TRANSACTIONS CONTEMPLATED UNDER THE PROPOSAL

1. Property Acquisition

References are made to the announcements of the Company dated 12 October 2007, 28 December 2007, 29 February 2008 and 30 May 2008, among other things, in relation to the Properties Acquisition.

On 28 June 2007, Lead Power entered into agreement with the Vendors to acquire the Properties Sale Shares at HK\$2. In addition, upon Properties Completion Date, Vendor A will assign to Lead Power all her benefits and rights in respect of Properties Sale Loans to Lead Power at

HK\$33,799,998. The Properties Aggregate Consideration will be settled by way of the Company executing upon Properties Completion Date the Properties Promissory Note in an amount of HK\$33.8 million to the Vendors.

On 19 September 2007, the Vendors and Lead Power (collectively refer to “**Properties Parties**”) entered into the Properties Supplemental Agreement extending the Properties Long Stop Date from 30 September 2007 to 31 December 2007 and reducing the interest payable under the Properties Promissory Note to 3% per annum.

On 17 December 2007, the Properties Parties entered into the Second Properties Supplemental Agreement to further extend the Properties Long Stop Date to 29 February 2008 or such other date as the Properties Parties may agree.

On 28 February 2008, the Properties Parties entered into the Third Properties Supplemental Agreement to further extend the Properties Long Stop Date to 31 May 2008 or such other date as the Properties Parties may agree.

On 30 May 2008, the Properties Parties entered into the Fourth Properties Supplemental Agreement to further extend the Properties Long Stop Date to 30 June 2008 or such other date as the Properties Parties may agree.

2. MOU in relation to the property development project in Cambodia

Reference is made to the announcement of the Company dated 11 April 2008, among other things, in relation to the property development in Cambodia.

On 10 April 2008, the Group has entered into a legally binding MOU with Ms. Chau, an Independent Third Party, under which, the Group was granted a sole and exclusive right to develop a piece of land located in Cambodia into hotel resort and commercial complex. Ms. Chau will bear all the development and construction costs arising out of the Cooperation Project. The Group will provide management services and, subject to the formal agreement, Ms. Chau will pay the Group management fee equivalent to 15% of the total development and construction costs of the Cooperation Project.

3. Convertible Bonds Placing Agreements in aggregated amount of HK\$125 million

I. The Convertible Bonds

References are also made to the announcements of the Company dated 26 October 2007, 28 December 2007, 29 February 2008 and 23 May 2008, among other things, in relation to the CB Placing Agreement.

On 16 February 2007 and 24 April 2007, the Company entered into the Term Sheet and the CB Placing Agreement respectively with the Placing Agent in respect of the conditional issue of the Convertible Bonds of principal amount of HK\$100 million with coupon rate

equals 8% due in three years from the date of issue. Each Conversion Share will be entitled to three Bonus Shares. The subscription of the Convertible Bonds is conditional on, among other things, the resumption of trading of the Shares on the Stock Exchange.

On 19 September 2007, the Company and the Placing agents (collectively refer to “**CB Parties**”) entered into the CB Supplemental Agreement giving the Company a right to mandatorily convert all the outstanding Convertible Bonds at any time during the Conversion Period and extend the CB Long Stop Date to 31 December 2007 or such other date as the CB Parties may agree.

Pursuant to the CB Supplemental Agreement, the Company has a right to mandatorily convert all outstanding Convertible Bonds at any time during the Conversion Period which will allow the Company to reduce the potential liabilities borne by the Company upon resumption of trading.

On 17 December 2007, the CB Parties entered into the Second CB Supplemental Agreement to extend the CB Long Stop Date to 29 February 2008 or such other date as the CB Parties may agree.

On 28 February 2008, the CB Parties entered into the Third CB Supplemental Agreement to extend the CB Long Stop Date to 31 May 2008 or such other date as the CB Parties may agree.

On 24 April 2008, the CB Parties entered into the Fourth CB Supplemental Agreement to further extend the CB Long Stop Date to 30 September 2008 or such other date as the CB Parties may agree.

II. The Second Convertible Bonds

Reference is made to the announcement of the Company dated 23 May 2008, among other things, in relation to the Second CB Placing Agreement.

On 24 April 2008, the Company entered into the Second CB Placing Agreement with the Placing Agent in respect of the conditional issue of the Second Convertible Bonds of principal amount of HK\$25 million with coupon rate equals 8% due in three years from the date of issue. Each Conversion Share will be entitled to three Bonus Shares. The subscription of the Second Convertible Bonds is conditional on, among other things, the resumption of trading of the Shares on the Stock Exchange.

4. Tree Acquisition

References are made to the announcements of the Company dated 12 October 2007, 28 December 2007, 29 February 2008 and 23 May 2008, among other things, in relation to the Tree Acquisition.

Pursuant to the Tree S&P Agreement dated 19 May 2007, Eternal Gain and the Company will acquire the entire equity interest in a business of manufacture and trading of life-like decorative plants from Brightpower (collectively with Eternal Gain and the Company refer to “**Tree Parties**”) an aggregate consideration of HK\$60,000,000 to be settled by way of issuance of Tree Promissory Note of HK\$20 million and Tree Convertible Bonds of HK\$40 million.

Pursuant to the Tree Supplemental Agreement, the Company has the right to mandatorily convert all outstanding Tree Convertible Bonds during the Tree Conversion Period and changed the Guaranteed Profit and Guaranteed NAV from 2007 to 2008.

On 17 December 2007, the Tree Parties entered into the Second Tree Supplemental Agreement to further extend the Tree Long Stop Date to 29 February 2008 or such other date as the Tree Parties may agree.

On 28 February 2008, the Tree Parties entered into the Third Tree Supplemental Agreement to further extend the Tree Long Stop Date to 31 May 2008 or such other date as the Tree Parties may agree.

On 30 May 2008, the Tree Parties entered into the Fourth Tree Supplemental Agreement to further extend the Tree Long Stop Date to 30 September 2008 or such other date as the Tree Parties may agree.

SUSPENSION OF TRADING

The release of this announcement does not necessarily mean that the Proposal will be successfully implemented and completed or that the resumption of trading in the Share has been or will be approved by the Stock Exchange. Trading in the Shares has been suspended at the request of the Company since 9:30 a.m. on 17 June 2004 and will continue to be suspended until further notice. Further announcements will be made when material developments take place.

DEFINITIONS

“Board”	the board of Directors;
“Bonus Shares”	new Shares to be issued to the holders of Conversion Shares credited as fully paid upon their conversion of Conversion Shares
“Brightpower”	Brightpower Assets Management Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of Hua Yi
“BVI”	the British Virgin Islands
“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 in principal amount of HK\$100 million due in three years from the date of issue to be issued by the Company pursuant to the CB Placing Agreement
“Cooperation Project”	a sole and exclusive right granted to the Company to develop a piece of land located in the Siem Reap province of Cambodia into hotel resort and commercial complex
“Director(s)”	the director(s) of the Company
“Eternal Gain”	Eternal Gain Investments Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
“FTFE”	FT Far East Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Hua Yi
“FTFE Shares”	2 issued shares of HK\$1.00 each in the share capital of FTFE, constituting the entire issued share capital of FTFE, that are beneficially held by Brightpower as at the date of the Tree S&P Agreement
“FTC”	FT China Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Hua Yi
“FTC Shares”	2 issued shares of HK\$1.00 each in the share capital of FTC, constituting the entire issued share capital of FTC, that are beneficially held by Brightpower as at the date of the Tree S&P Agreement
“Group”	the Company and its subsidiaries
“Guaranteed NAV”	the guarantee by Brightpower to Eternal Gain that the audited consolidated Net Asset Value of the Tree Sale Companies as at 30 June 2007 as shown in the 2007 Audited Accounts will not, in aggregate, be less than HK\$70,000,000

“Guaranteed Profit”	the guarantee by Brightpower to Eternal Gain that the audited consolidated net profits after tax and any extraordinary or exceptional items of the Tree Sale Companies will, in aggregate, be not less than HK\$7,000,000 for the financial year ending 30 June 2007
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Lead Power”	Lead Power Investments Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 10 April 2008 made between the Company and Ms. Chau 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
“Mr. Kong”	Kong Li Szu, an executive Director
“Ms. Chau”	Ms. Chau Dinh Nhi, a party to the MOU, is an independent third party and not a connected person of the Company
“Placing Agent”	Kingston Securities Limited
“Properties Acquisition”	the sale and purchase of the Properties Sale Shares and the Properties Assignment pursuant to the Properties S&P Agreement
“Properties Aggregate Consideration”	HK\$33.8 million, being the aggregate of the consideration payable by Lead Power to the Vendors for the Properties Sale Shares and the consideration payable by Eternal Gain to the Vendors for the Properties Assignment
“Properties Assignment”	the assignment by Vendor A to Lead Power at Properties Completion Date of Properties Sale Loans
“Properties Completion Date”	date of completion of the Properties S&P Agreement, being the date falling the third Business Day after all the conditions for the Properties Acquisition have been fulfilled or at such other time as the Properties Parties may agree.

“Properties Promissory Note”	the promissory note in the agreed form to be executed on the Properties Completion Date by the Company in favour of Vendor A for the purposes of settling HK\$20 million out of the Properties Aggregate Consideration
“Properties Sale Loans”	the aggregate indebtedness in the amount of HK\$19,348,836 owed to Vendor A by Coast and HK\$22,055,412 owed to Vendor A by KPI
“Properties Sale Shares”	the Coast Shares and the KPI Shares
“Properties S&P Agreement”	the sale and purchase agreement dated 28 June 2007 entered into between the Vendors and Lead Power in relation to the sale and purchase of the Properties Sale Shares and the Properties Assignment
“Proposal”	a resumption proposal dated 31 October 2007 in relation to, among other things, the Tree Acquisition, the Properties Acquisition and the issue of Convertible Bonds and the supplemental resumption proposal relating to, among other things, updated information in relation to the resumption proposal and the issue of Second Convertible Bonds
“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
“Second Convertible Bonds”	the 8% convertible bonds in principal amount of HK\$25 million 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\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Sheet”	the binding term sheet dated 16 February 2007 entered into between the Company and Placing Agent in relation to the conditional issue of the Convertible Bonds
“Tree Acquisition”	the sale and purchase of the Tree Sale Shares and the Tree Assignment pursuant to the Tree S&P Agreement
“Tree Assignment”	the assignment by Brightpower to Eternal Gain at Tree Completion Date of Tree Sale Loan

“Tree Completion Date”	date of completion of the Tree S&P Agreement, being the date falling on the third Business Day after all the conditions for the Tree Acquisition have been fulfilled or at such other time as the Tree Parties may agree.
“Tree Conversion Period”	the period commencing from the date of issue of the Tree Convertible Bonds and expiring on the third anniversary of such date
“Tree Convertible Bonds”	the 4% unsecured convertible bonds due three years from the date of issue for an aggregate principal amount of HK\$40 million constituted by the Tree Bonds Instrument
“Tree Promissory Note”	the promissory note in the agreed form to be executed on the Tree Completion Date by the Company in favour of Brightpower for the purposes of settling HK\$20 million out of the Tree Aggregate Consideration
“Tree Sale Companies”	FTFE, FTC and the Subsidiaries
“Tree Sale Loan”	the indebtedness in the amount of HK\$80,786,000 owed to Brightpower by FTFE
“Tree Sale Shares”	the FTFE Shares and the FTC Shares
“Tree S&P Agreement”	the sale and purchase agreement dated 19 May 2007 entered into between Brightpower, Eternal Gain and the Company in relation to the sale and purchase of the Tree Sale Shares and the Tree Assignment
“Vendor A”	Ms. Chu Yuet Wah
“Vendor B”	Ms. Ma Siu Fong
“Vendors”	Vendor A and Vendor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the board of directors of
Kong Sun Holdings Limited
Tse On Kin
Chairman

Hong Kong, 10 July 2008

As at the date of this announcement, the Board of Directors of Kong Sun Holdings Limited comprise three Executive Directors, Mr. Tse On Kin, Mr. Chan Chi Yuen and, Mr. Kong Li Szu; and three Independent Non-executive Directors, Ms. Lo Miu Sheung, Betty, Mr. Chan Chiu Hung, Alex and Dr. Wong Yun Kuen.