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KONG SUN HOLDINGS LIMITED
江山控股有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 295)

- (1) MAJOR AND CONNECTED TRANSACTION UNDER
THE OLD LISTING RULES;**
**(2) DISCLOSEABLE AND CONNECTED TRANSACTION UNDER
THE OLD LISTING RULES;**
(3) VERY SUBSTANTIAL DISPOSAL UNDER THE LISTING RULES;
AND
(4) DISCLOSURE UNDER RULE 13.09 OF THE LISTING RULES

**(1) MAJOR AND CONNECTED TRANSACTION UNDER THE OLD LISTING RULES
IN RELATION TO THE AGGREGATION OF THE PROPERTY DEVELOPMENT
CONTRACT AND THE SUPPLEMENTAL PROPERTY DEVELOPMENT CONTRACT
IN RESPECT OF THE FORMATION OF THE JV COMPANY**

Further to the announcement of the Company dated 17 September 2001 regarding the formation of a Chinese-foreign equity joint venture company, including the Property Development Contract, for property development in Xicheng District, Beijing, the PRC. On 1 April 2003, Beijing Xicheng, the JV Company and Best Spot entered into the Supplemental Property Development Contract, pursuant to which, (1) the total site area of the Property increased from approximately 20,045 sq.m. to approximately 37,000 sq.m.; (2) the total Advance Development Costs increased from approximately RMB230.68 million to RMB535,708,000 and to be paid in six instalments by the JV Company to Beijing Xicheng; and (3) in the event that the JV Company was unable to meet its obligation to pay the Advance Development Costs, Best Spot would unconditionally be obliged to fulfill that obligation.

On a stand-alone basis for the Supplemental Properties Development Contract, as the applicable percentage ratios exceed 15% but were less than 50%, the Supplemental Properties Development Contract constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Pursuant to Rule 14.04(5) of the Old Listing Rules, the Supplemental Property Development Contract was to be aggregated with the Property Development Contract. As the applicable percentage ratios exceed 50% but were less than 100%, the Supplemental Property Development Contract in aggregation to the Property Development Contract constituted a major transaction for the Company pursuant to Chapter 14 of the Old Listing Rules. The entering into of the Supplemental Property Development Contract was conditional on the approval of the Shareholders pursuant to Rule 14.10 of the Old Listing Rules. Under Rule 14.13 of the Old Listing Rules, the Company was also required to make announcement by way of press notice and despatch circular to the Shareholders.

Furthermore, Beijing Xicheng was a substantial shareholder (as defined under the Old Listing Rules) of the JV Company, which was a subsidiary of the Company immediately following the completion of the First Transfer, Beijing Xicheng was a connected person of the Company for the purpose of Chapter 14 of the Old Listing Rules. Accordingly, Best Spot agreed to fulfill the obligation of the JV Company to pay the Advance Development Costs to Beijing Xicheng in the event that the JV Company failed to do so was a financial assistance and constituted a connected transaction of the Company under Rule 14.26(6)(a) of the Old Listing Rules. Under Rules 14.25(2)(a) and 14.26 of the Old Listing Rules, the Company was required to include details of such financial assistance in the Company's next published annual report and accounts after the completion of the transaction and the financial assistance was made conditional on approval by the Shareholders in general meeting and that any connected person interested in the transaction shall abstain from voting at the meeting. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Supplemental Property Development Contract at the material time.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Old Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained in a general meeting of the Company; (b) announcement by way of press notice was not made; and, (c) circular, including the details of the Property Development Contract and the Supplemental Property Development Contract and the opinion from an independent financial adviser, was not despatched to the Shareholders.

The Current Directors admitted that there were breaches of Rules 14.10, 14.13, 14.25(2)(a) and 14.26 of the Old Listing Rules and the Stock Exchange reserves its rights to take appropriate action regarding such breaches.

(2) DISCLOSEABLE AND CONNECTED TRANSACTION UNDER THE OLD LISTING RULES IN RELATION TO THE AGGREGATION OF THE FIRST TRANSFER AND THE SECOND TRANSFER

On 10 January 2003 and 16 January 2003, Best Spot and Beijing Xicheng entered into the January 2003 MOU, which was legally binding according to the then PRC advisers of the Company, and the First Transfer Agreement respectively. The terms of the January 2003 MOU and the First Transfer Agreement were the same. In view of the fact that the Advance Development Costs, which included the capital contribution from Best Spot to the JV Company as specified in the JV Contract, was still outstanding, Best Spot agreed to temporarily transfer the 20.1% Interests to Beijing Xicheng at a consideration of RMB24 million (equivalent to approximately HK\$22.62 million) as a guarantee for the payment of the outstanding Advance Development Costs and Best Spot was given an option to repurchase the 20.1% Interests at a consideration of RMB26.88 million (equivalent to approximately HK\$25.33 million) within one year from the date of the First Transfer Agreement.

On 10 April 2003, Best Spot and Beijing Xicheng entered into the April 2003 MOU, which was legally binding according to the then PRC legal advisers of the Company. Apart from the difference of the parties involved (being Beijing Tianheng in the Second Transfer Agreement instead of Beijing Xicheng in the April 2003 MOU), the other terms of the April 2003 MOU were the same as of the Second Transfer Agreement entered by Best Spot and Beijing Tianheng dated 22 April 2003. In view of the fact that the Advance Development Costs and the Increased Advance Development Costs were still outstanding. Best Spot agreed to temporarily transfer the 60% Interests to Beijing Tianheng at a consideration of RMB72 million (equivalent to approximately HK\$67.86 million) as a guarantee for the payment of the outstanding Advance Development Costs and the Increased Advance Development Costs and Best Spot was given an option to repurchase the 60% Interests at a consideration of RMB80.64 million (equivalent to approximately HK\$76 million) within one year from the date of the Second Transfer Agreement.

For the January 2003 MOU and the April 2003 MOU, each of them constituted price sensitive information for the Company and should have been discloseable under Paragraph 2 of the Listing Agreement.

On a stand-alone basis for the First Transfer Agreement, as the applicable percentage ratios of the First Transfer Agreement were less than 15%, the First Transfer Agreement did not constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was not subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

On a stand-alone basis for the Second Transfer Agreement, as the applicable percentage ratios of the Second Transfer Agreement exceed 15% but were less than 50%, the Second Transfer Agreement constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Pursuant to Rule 14.04(5) of the Old Listing Rules, the First Transfer Agreement was to be aggregated with the Second Transfer Agreement as they were related to the disposals of interests of the JV Company. As the applicable percentage ratios exceed 15% but were less than 50%, the First Transfer Agreement in aggregation to the Second Transfer Agreement constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules. The entering into of the Second Transfer Agreement was subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Furthermore, Beijing Tianheng was an associate of a connected person of the Company for the purpose of Chapter 14 of the Old Listing Rules by virtue of under the same control of Xicheng district government of Beijing with Beijing Xicheng, who was also the connected person of the Company as mentioned above. Accordingly, the Second Transfer Agreement constituted a connected transaction of the Company under the Old Listing Rules. Under Rule 14.26 of the Old Listing Rules, the transaction was made conditional on approval by the Shareholders in general meeting and that any connected person interested in the transaction shall abstain from voting at the meeting. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Second Transfer Agreement.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Old Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained in a general meeting of the Company; (b) announcement by way of press notice was not made; and, (c) circular, including the details of the First Transfer Agreement and the Second Transfer Agreement and the opinion from an independent financial adviser, was not despatched to the Shareholders.

The Current Directors admit that there were breaches of (1) paragraph 2 of the Listing Agreement in respect of the January 2003 MOU and the April 2003 MOU; and, (2) Rules 14.13 and 14.26 of the Old Listing Rules in respect of the Second Transfer Agreement, and the Stock Exchange reserves its rights to take appropriate action regarding such breaches.

(3) VERY SUBSTANTIAL DISPOSAL UNDER THE LISTING RULES IN RELATION TO THE GUOCO PROPERTIES AGREEMENT

On 20 April 2004, Best Spot, Beijing Tianheng and Guoco Properties entered into the Guoco Properties Agreement, pursuant to which, Best Spot agreed to sell its 10% interests of the JV Company, Beijing Tianheng agreed to sell its 88% interests of the JV Company and Guoco Properties agreed to acquire 98% interests from Best Spot and Beijing Tianheng at a consideration of RMB527,471,300 (equivalent to approximately HK\$497,145,429).

Pursuant to Rule 14.22 of the Listing Rules, the First Transfer Agreement, the Second Transfer Agreement were to be aggregated with the Guoco Properties Agreement as they were related to the disposal of interests in the JV Company. As the applicable percentage ratios exceed 75%, the aggregation of the First Transfer Agreement, the Second Transfer Agreement and the Guoco Properties Agreement constituted a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and was subject to the approval of the Shareholders, announcement and circular requirements under Chapter 14 of the Listing Rules. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Guoco Properties Agreement.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained; (b) announcement was not made; and, (c) circular was not despatched to the Shareholders.

The Current Directors admitted that there were breaches of Rules 14.34 and 14.48 to 14.53 of the Listing Rules and the Stock Exchange reserves its rights to take appropriate action regarding the breaches.

(4) DISCLOSURE UNDER RULE 13.09 OF THE LISTING RULES IN RELATION TO THE SETTLEMENT AGREEMENT

On 10 May 2004, Best Spot and Beijing Tianheng entered into the Settlement Agreement, pursuant to which, Beijing Tianheng agreed to pay RMB96 million (equivalent to approximately HK\$90 million) in respect of the First Transfer and the Second Transfer and RMB100 million (equivalent to approximately HK\$94 million) in respect of the total Advance Development Costs contributed by Best Spot previously to Best Spot and Best Spot agreed to compensate Beijing Tianheng of RMB113.65 million (equivalent to approximately HK\$107.12 million) in respect of the loss as a result from Best Spot's defaults in paying the Advance Development Costs and the Increased Advance Development Costs.

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.

1. MAJOR AND CONNECTED TRANSACTION UNDER THE OLD LISTING RULES IN RELATION TO THE AGGREGATION OF THE PROPERTY DEVELOPMENT CONTRACT AND THE SUPPLEMENTAL PROPERTY DEVELOPMENT CONTRACT IN RESPECT OF THE FORMATION OF THE JV COMPANY

Introduction

Reference is made to the Company's announcement dated 17 September 2001 regarding the formation of a Chinese-foreign equity joint venture company for property development in Xicheng District, Beijing, the PRC, including but not limited to, the Property Development Contract.

On 13 September 2001, Beijing Xicheng and Best Spot signed the JV Contract to form a Chinese-foreign equity joint venture company to engage in property development for both residential and commercial purpose in Xicheng district, Beijing, the PRC. The total registered capital of the JV Company was RMB120 million (equivalent to approximately HK\$113.10 million), of which Best Spot held 90.1% and Beijing Xicheng held 9.9% of the registered capital.

Pursuant to the Property Development Contract dated 27 August 2001, which formed part of the JV Contract, Best Spot agreed to provide the Advance Development Costs of RMB230.68 million (equivalent to approximately HK\$217.42 million), which included Best Spot's contribution of the registered capital of the JV Company of RMB108.12 million (equivalent to approximately HK\$101.9 million), for the development of the Property. Beijing Xicheng agreed to conduct the "Seven connected and one leveling (七通一平)" upon the receipt of the Advance Development Costs.

As the applicable percentage ratios exceed 50% but were less than 100%, the Property Development Contract constituted a major transaction for the Company pursuant to Chapter 14 of the Old Listing Rules. The entering into of the Property Development Contract was conditional on the approval of the Shareholders pursuant to Rule 14.10 of the Old Listing Rules. Under Rule 14.13 of the Old Listing Rules, the Company was required to make announcement by way of press notice and despatch circular to the Shareholders. An announcement regarding the Property Development Contract and the JV Contract was issued and dated 17 September 2001. To the best of the knowledge, information and belief of the Previous Directors having made all reasonable enquiries, Beijing Xicheng and its ultimate beneficial owners were third parties independent of the Company and connected persons (as defined in the Old Listing Rules) of the Company at the date of the JV Contract and the Property Development Contract. As stated in such announcement, a written approval was received from Kong Fa and Kong Sun Enterprises who collectively owned 54.2% of the entire issued share capital of the Company as at the date of the JV Contract and the Property Development Contract (Kong Fa and Kong Sun Enterprises collectively owned 56.9% of the entire issued share capital of the Company as at the date of this announcement) and no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Property Development Contract and the JV Contract.

The Current Directors noted and regretted the inadvertent non-compliance of the relevant Old Listing Rules by the Previous Directors at the material time in despatching circular to the Shareholders.

The Current Directors admit that there was breach of Rule 14.13(2) of the Old Listing Rules, and the Stock Exchange reserves its rights to take appropriate action regarding such breach.

On 26 January 2002, Best Spot, Beijing Xicheng and the JV Company entered into the R&O Transfer Agreement whereby, inter alia, the obligation of Best Spot under the Property Development Contract, including the Advance Development Costs outstanding from Best Spot up to the entering of the R&O Agreement, was transferred to the JV Company. The Current Directors agreed with the view taken by the Previous Directors that the entering of the R&O Transfer Agreement provided flexibility to the JV Company that the JV Company can search for other financial resources to continue the development of the Property. The entering into of the R&O Transfer Agreement was not constituted a transaction under Chapter 14 of the Old Listing Rules as the R&O Transfer Agreement only involved a transfer of obligation. Accordingly, no disclosure was made.

On 10 January 2003 and 16 January 2003, Best Spot and Beijing Xicheng entered into the January 2003 MOU and the First Transfer Agreement respectively. The terms of the January 2003 MOU and the First Transfer Agreement were the same. In view of the fact that the Advance Development Costs, which included the capital contribution from Best Spot to the JV Company as specified in the JV Contract, was still outstanding, Best Spot agreed to temporarily transfer the 20.1% Interests to Beijing Xicheng at a consideration of RMB24 million (equivalent to approximately HK\$22.62 million) as a guarantee for the payment of the outstanding Advance Development Costs and Best Spot was given an option to repurchase the 20.1% Interests at a consideration of RMB26.88 million (equivalent to approximately HK\$25.33 million) within one year from the date of the First Transfer Agreement. On a stand-alone basis for the First Transfer Agreement, the applicable percentage ratios were less than 15%, the First Transfer Agreement did not constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was not subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Upon the completion of the First Transfer Agreement, the then total registered capital of the JV Company was owned, as to 70% by Best Spot and 30% by Beijing Xicheng. The First Transfer was completed on 5 March 2003 that the revised business licence was obtained.

Summary of the terms of the Supplemental Property Development Contract

Date of agreement: 1 April 2003

Parties involved:

- 1) Best Spot, a wholly owned subsidiary of the Company
- 2) The JV Company
- 3) Beijing Xicheng

To the best of the knowledge, information and belief of the Previous Directors having made all reasonable enquiries, Beijing Xicheng and its ultimate beneficial owners were originally third parties independent of the Company and connected persons (as defined in the Old Listing Rules) of the Company at the date of the Supplemental Property Development Contract. Beijing Xicheng became the substantial shareholder of the JV Company, a subsidiary of the Company, thus a connected person of the Company immediately following the completion of the First Transfer.

Key terms of the Supplemental Property Development Contract

- 1) The total site area of the Property increased from approximately 20,045 sq.m. to approximately 37,000 sq.m. with the addition of a site area of approximately 16,955 sq.m. (“**Additional Site**”)
- 2) Best Spot would unconditionally be obliged to fulfill the obligation in the event that the JV Company was unable to pay the additional Advance Development Costs.

Amount involved in the Supplemental Property Development Contract

The total Advance Development Costs increased from RMB230.68 million (equivalent to approximately HK\$217.42 million) as stated in the Property Development Contract to RMB535,708,000 (equivalent to approximately HK\$504,908,577) with the addition of RMB305,028,000 (equivalent to approximately HK\$287,491,046). The additional Advance Development Costs would be payable by the JV Company in six installments to Beijing Xicheng for conducting the “Seven connected and one leveling (七通一平)” on the Additional Site.

The amount of the additional Advance Development Costs was based on the then estimated construction costs.

Payment of the additional Advance Development Costs

The additional Advance Development Costs were payable in the following manner:

- 1) as to RMB15,708,000 (equivalent to approximately HK\$14,804,901) within 8 days after the date of the signing of the Supplemental Property Development Contract;
- 2) all such loan amount raised by the JV Company and Best Spot from the mortgage of the First Site;
- 3) as to RMB50,000,000 (equivalent to approximately HK\$47,125,353) on or before 30 September 2003;
- 4) as to RMB35,000,000 (equivalent to approximately HK\$32,987,747) within one week of the leveling of the Additional Site;
- 5) as to RMB130,000,000 (equivalent to approximately HK\$122,525,919) within 7 days of obtaining the loan amount raised from the mortgage of the Additional Site; and
- 6) the balance of the additional Advance Development Costs within 7 days after the work of “Seven connected and one leveling (七通一平)” of the Additional Site completed

Reasons for entering into the Supplemental Property Development Contract

The Current Directors agree with the view taken by the Previous Directors that the entering of the Supplemental Property Development Contract could expand and enhance the Group’s property development in the PRC at that time.

The Current Directors (including the current independent non-executive Directors) agree with the view taken by the Previous Directors (including the then independent non-executive Directors) that the terms of the Supplemental Property Development Contract were agreed after arm’s length negotiations and were fair, reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Implications under the Old Listing Rules

(a) Major transaction

On a stand-alone basis for the Supplemental Properties Development Contract, as the applicable percentage ratios exceed 15% but were less than 50%, the Supplemental Properties Development Contract constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Pursuant to Rule 14.04(5) of the Old Listing Rules, the Supplemental Property Development Contract was to be aggregated with the Property Development Contract as they were entered into with the same parties, Beijing Xicheng and the JV Company. As the applicable percentage ratios exceeded 50% but were less than 100%, the Supplemental Property Development Contract in aggregation to the Property Development Contract constituted a major transaction for the Company pursuant to Chapter 14 of the Old Listing Rules. The entering into of the Supplemental Property Development Contract was conditional on the approval of the Shareholders pursuant to Rule 14.10 of the Old Listing Rules. Under Rule 14.13 of the Old Listing Rules, the Company was required to make announcement by way of press notice and despatch circular to the Shareholders.

(b) Connected transaction and financial assistance

Furthermore, Beijing Xicheng was a substantial shareholder of the JV Company which was a subsidiary of the Company immediately following the completion of the First Transfer, thus Beijing Xicheng was a connected person of the Company for the purpose of Chapter 14 of the Old Listing Rules. Accordingly, Best Spot agreed to fulfill the obligation of the JV Company to pay the Advance Development Costs to Beijing Xicheng in the event that the JV Company failed to do so was a financial assistance and constituted a connected transaction of the Company under Rule 14.26(6)(a) of the Old Listing Rules. Under Rules 14.25(2)(a) and 14.26 of the Old Listing Rules, the Company was required to include details of such financial assistance in the Company's next published annual report and accounts after the completion of the transaction and the financial assistance was made conditional on approval by the Shareholders in general meeting and that any connected person interested in the transaction shall abstain from voting at the meeting. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Supplemental Property Development Contract at the material time.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Old Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained in a general meeting of the Company; (b) announcement by way of press notice was not made; and, (c) circular, including the details of the Property Development Contract and the Supplemental Property Development Contract and the opinion from an independent financial adviser, was not despatched to the Shareholders.

The Current Directors admitted that there were breaches of Rules 14.10, 14.13, 14.25(2)(a) and 14.26 of the Old Listing Rules and the Stock Exchange reserves its rights to take appropriate action regarding the breaches.

2. DISCLOSEABLE AND CONNECTED TRANSACTION UNDER THE OLD LISTING RULES IN RELATION TO THE AGGREGATION OF THE FIRST TRANSFER AND THE SECOND TRANSFER

JANUARY 2003 MOU

On 10 January 2003, Beijing Xicheng and Best Spot entered into the January 2003 MOU, in which, the terms were of the same as the First Transfer Agreement as described below. According to the then PRC legal advisers of the Company, the January 2003 MOU was legally binding.

FIRST TRANSFER AGREEMENT

Summary terms of the First Transfer Agreement

Date of agreement:	16 January 2003
Vendor:	Best Spot, a wholly-owned subsidiary of the Company
Purchaser:	Beijing Xicheng
	To the best of the knowledge, information and belief of the Previous Directors having made all reasonable enquiries, Beijing Xicheng and its ultimate beneficial owners were third parties independent of the Company and connected persons (as defined in the Old Listing Rules) of the Company at the date of the First Transfer Agreement.
Asset disposed of	20.1% Interests of the JV Company

Consideration of the First Transfer

The consideration payable by Beijing Xicheng to Best Spot pursuant to the First Transfer Agreement was RMB24 million (equivalent to approximately HK\$22.62 million) and will be satisfied by way of cash within 15 days after the JV Company obtained a revised business licence.

The consideration for the First Transfer was determined after arm's length negotiations between Beijing Xicheng and Best Spot with reference to the investment cost of the 20.1% Interests in the JV Company.

Best Spot was given an option to repurchase the 20.1% Interests at a consideration of RMB26.88 million (equivalent to approximately HK\$25.33 million) within one year from the date of the First Transfer Agreement.

Effect of the First Transfer

Upon completion of the First Transfer, the then total registered capital of the JV Company would be owned, as to 70% by Best Spot and 30% by Beijing Xicheng. The First Transfer was completed on 5 March 2003 that the revised business licence was obtained.

Beijing Xicheng became a substantial shareholder of the JV Company and thus a connected person of the Company for the purpose of Chapter 14 of the Old Listing Rules.

APRIL 2003 MOU

On 10 April 2003, Beijing Xicheng and Best Spot entered into the April 2003 MOU, in which, apart from the difference of the parties involved, the other terms were of the same as the Second Transfer Agreement as described below. According to the then PRC legal advisers of the Company, the January 2003 MOU was legally binding.

SECOND TRANSFER AGREEMENT

Summary terms of the Second Transfer Agreement

Date of agreement: 22 April 2003

Vendor: Best Spot, a wholly-owned subsidiary of the Company

Purchaser: Beijing Tianheng

To the best of the knowledge, information and belief of the Previous Directors having made all reasonable enquiries, Beijing Tianheng and its ultimate beneficial owners were originally third parties independent of the Company and connected persons (as defined in the Old Listing Rules) of the Company.

Beijing Xicheng was a substantial shareholder of the JV Company which was a subsidiary of the Company upon completion of the First Transfer. Accordingly, Beijing Xicheng was a connected person of the Company.

Beijing Tianheng was under the same control as Beijing Xicheng by Xicheng district government of Beijing. As a result, Beijing Tianheng was a connected person of the Company upon completion of the First Transfer.

Asset disposed of 60% Interests of the JV Company

Consideration of the Second Transfer

The consideration payable by Beijing Tianheng to Best Spot pursuant to the Second Transfer Agreement was RMB72 million (equivalent to approximately HK\$67.86 million) and will be satisfied by way of cash in the following manner:–

- (i) RMB20 million (equivalent to approximately HK\$18.85 million) payable within 7 days after signing of the Second Transfer Agreement; and
- (ii) RMB50 million (equivalent to approximately HK\$49.01 million) payable within 15 days the JV Company obtained a revised business licence.

The consideration for the Second Transfer was determined after arm's length negotiations between Beijing Tianheng and Best Spot with reference to the investment cost of the 60% Interests in the JV Company.

Best Spot was given an option to repurchase the 60% Interests at a consideration of RMB80.64 million (equivalent to approximately HK\$76 million) within one year from the date of the Second Transfer Agreement.

Effect of the Second Transfer

On 22 April 2003, Beijing Xicheng entered into a transfer agreement with Beijing Tianheng, in which, Beijing Xicheng agreed to sell and Beijing Tianheng agreed to acquire 30% of the total registered capital of the JV Company, in which the 20.1% Interests sold to Beijing Xicheng by Best Spot pursuant to the First Transfer Agreement was included.

Upon completion of the Second Transfer and the transfer of 30% of the total registered capital of the JV Company by Beijing Xicheng to Beijing Tianheng, the then total registered capital of the JV Company was owned, as to 10% by Best Spot and 90% by Beijing Tianheng. Accordingly, the JV Company ceased to be a subsidiary of the Company. The Second Transfer was completed on 12 February 2004 that the revised business licence was obtained.

REASONS FOR ENTERING THE FIRST TRANSFER AND THE SECOND TRANSFER

The Current Directors noted that the intention of the Group (as evidenced in the January 2003 MOU and the April 2003 MOU) at that time was, and it was also the Previous Directors' belief, that the entering into of the First Transfer Agreement and the Second Transfer Agreement was in substance, to use the 20.1% Interests and the 60% Interests as security for guaranteeing the payment of the outstanding Advance Development Costs for the continuous development of the Property. Pursuant to the provision of the First Transfer Agreement and the Second Transfer Agreement, Best Spot was given an option to repurchase the 20.1% Interests and 60% Interests within one year from the respective date of the First Transfer Agreement and the Second Transfer Agreement.

Furthermore, the Current Directors noted that the Previous Directors believed that the approval of the First Transfer and the Second Transfer by the Beijing Authority would place Beijing Xicheng/Beijing Tianheng in a more secured position in holding the 20.1% Interests and the 60% Interests as security for guaranteeing the above-mentioned payments and continuous development of the Property.

It was not (a) the intention of the Group to dispose of the 20.1% Interests and the 60% Interests nor (b) the Previous Director's belief that the 20.1% Interests and the 60% Interests had been disposed of under the First Transfer Agreement and the Second Transfer Agreement, until Best Spot issued the confirmation dated 10 March 2004 stated that Best Spot would not exercise its rights to repurchase the 20.1% Interests and the 60% Interests.

Moreover, at the time of and after the signing of the First Transfer Agreement and the Second Transfer Agreement, and before the Previous Directors caused Best Spot to issue the Confirmation, (a) it was the Previous Directors' belief that Kong Fa and Kong Sun Enterprises (each of them being a substantial shareholder of the Company) could arrange to raise an appropriate amount of finance from two banks in Malaysia to repurchase the 20.1% Interest and the 60% Interests, and to continue the funding for the property development project in Beijing; and (b) the Previous Directors had every intention to exercise Best Spot's rights to repurchase the 20.1% Interests and the 60% Interests (as evidenced by the fact that until Best Spot issued the Confirmation), the Group never attempted to claim any Monetary Consideration.

When the Group ascertained that it could not exercise the options under the First Transfer Agreement and the Second Transfer Agreement to repurchase the 20.1% Interests and the 60% Interests as lack of financial resources, it issued the Confirmation to Beijing Tianheng on 10 March 2004.

The Current Directors (including the current independent non-executive Directors) agree with the view taken by the Previous Directors (including the then independent non-executive Directors) that the terms of the First Transfer Agreement and the Second Transfer Agreement were agreed after arm's length negotiations and were fair, reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Based on the audited accounts of the JV Company for the year ended 31 December 2001 and 2002, the net loss attributable to the aggregated 80.1% interests of the JV Company for the financial years ended 31 December 2001 and 31 December 2002 were RMB528,271 (equivalent to approximately HK\$497,899) and RMB1,994,706 (equivalent to approximately HK\$1,880,024) respectively. Based on the same audited accounts of the JV Company, the net assets attributable to the aggregated 80.1% interests of the JV Company as at 31 December 2001 and 31 December 2002 were RMB77,053,833 (equivalent to approximately HK\$72,623,782) and RMB91,976,622 (equivalent to approximately HK\$86,688,616) respectively.

The aggregated loss from the disposal of the 20.1% Interests and the 60% Interests pursuant to the First Transfer Agreement and the Second Transfer Agreement was HK\$121,625,000 which was disclosed in the annual results of the Company for the year ended 31 December 2003. The aggregated loss from disposal was based on the consideration less net assets of the JV Company attributable to the Company, the written off of the amounts due from the JV Company and the expenses incurred in connection with the disposals.

USE OF PROCEEDS

The total aggregated proceeds of RMB24 million (equivalent to approximately HK\$22.62 million) from the First Transfer and RMB72 million (equivalent to approximately HK\$67.86 million) from the Second Transfer would be used for general working capital of the Group.

Up to the signing of the Settlement Agreement as described in Section 4 of this announcement, the aggregated proceeds had not been received by Best Spot.

IMPLICATIONS UNDER THE LISTING AGREEMENT AND THE OLD LISTING RULES

For the January 2003 MOU and the April 2003 MOU, each of them constituted price sensitive information for the Company and should have been discloseable under Paragraph 2 of the Listing Agreement.

On a stand-alone basis for the First Transfer Agreement, as the applicable percentage ratios of the First Transfer Agreement were less than 15%, the First Transfer Agreement did not constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was not subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

On a stand-alone basis for the Second Transfer Agreement, as the applicable percentage ratios of the Second Transfer Agreement exceeded 15% but were less than 50%, the Second Transfer Agreement constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules and was subject to the announcement and circular requirements under Rule 14.13 of the Old Listing Rules.

Pursuant to Rule 14.04(5) of the Old Listing Rules, the First Transfer Agreement was to be aggregated with the Second Transfer Agreement as they were related to the disposals of interests of the JV Company. As the applicable percentage ratios exceeded 15% but were less than 50%, the First Transfer Agreement in aggregation to the Second Transfer Agreement constituted a discloseable transaction for the Company pursuant to Chapter 14 of the Old Listing Rules. The entering into of the Second Transfer Agreement was subject to the announcement and circular requirements under Chapter 14 of the Old Listing Rules.

Furthermore, Beijing Tianheng was an associate of a connected person of the Company for the purpose of Chapter 14 of the Old Listing Rules by virtue of under the same control of Xicheng district government of Beijing with Beijing Xicheng, who was also the connected person of the Company as mentioned above. Accordingly, the Second Transfer Agreement constituted a connected transaction of the Company under the Old Listing Rules. Under Rule 14.26 of the Old Listing Rules, the transaction was made conditional on approval by the Shareholders in general meeting and that any connected person interested in the transaction shall abstain from voting at the meeting. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Second Transfer Agreement.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Old Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained in a general meeting of the Company; (b) announcement by way of press notice was not made; and, (c) circular, including the details of the First Transfer Agreement and the Second Transfer Agreement and the opinion from an independent financial adviser, was not despatched to the Shareholders.

The Current Directors admit that there were breaches of (1) paragraph 2 of the Listing Agreement in respect of the January 2003 MOU and the April 2003 MOU; and, (2) Rules 14.13 and 14.26 of the Old Listing Rules in respect of the Second Transfer Agreement, and the Stock Exchange reserves its rights to take appropriate action regarding the breaches.

The Current Directors have received a confirmation from each of Kong Fa and Kong Sun Enterprises (which they collectively owned 56.9% (as of Kong Fa owned 41.1% and Kong Sun Enterprises owned 15.8%) of the entire issued share capital of the Company as at the time of the Second Transfer and as at the date of this announcement) that each of them would in any event approve the Second Transfer should there be a general meeting of the Company convened for approving and confirming the Second Transfer. Kong Fa and Kong Sun Enterprises were under the common control of Mr. Kong Look Sen and Mr. Kong Li Jer and had no interests in the Second Transfer which was different from the other Shareholders. To the best of the Current Directors' knowledge, information and belief, no one was required to abstain from voting should there be a meeting of the Company convened.

3. VERY SUBSTANTIAL DISPOSAL UNDER THE LISTING RULES IN RELATION TO THE GUOCO PROPERTIES AGREEMENT

Summary terms of the Guoco Properties Agreement

Date of agreement: 20 April 2004

Vendors: Best Spot, a wholly-owned subsidiary of the Company
Beijing Tianheng

Purchaser: Guoco Properties

To the best of the knowledge, information and belief of the Previous Directors having made all reasonable enquiries, Guoco Properties and its ultimate beneficial owners were third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Asset disposed of 10% Interests of the JV Company

In addition, pursuant to the Guoco Properties Agreement, Beijing Tianheng agreed to sell and Guoco Properties agreed to acquire 88% of the total registered capital of the JV Company.

Consideration of the Guoco Properties Agreement

The consideration payable by Guoco Properties to the two vendors pursuant to the Guoco Properties Agreement was RMB527,471,300 (equivalent to approximately HK\$497,145,429), representing an amount of RMB117,600,000 (equivalent to approximately HK\$110,838,831) for the aggregated disposals of 98% of the total registered capital of the JV Company and an amount of RMB409,871,300 (equivalent to approximately HK\$386,306,598) in relation to the amount borrowed from Beijing Tianheng by the JV Company for the development of the Property.

The total consideration was payable in the following manner:

- (i) an aggregate amount of RMB113,787,200 (equivalent to approximately HK\$107,245,240) to Beijing Tianheng within 7 working days of the JV Company obtaining the approval of the Beijing Planning Bureau for developing the Property;
- (ii) an aggregate amount of RMB3,812,800 (equivalent to approximately HK\$3,593,591) to Best Spot within 15 workings days of the JV Company obtaining the New Business Licence;

- (iii) an aggregate amount of RMB76,440,000 (equivalent to approximately HK\$72,045,240) to Beijing Tianheng with 15 working days of the JV Company obtaining the New Business Licence;
- (iv) an aggregate amount of RMB129,360,000 (equivalent to approximately HK\$121,922,714) to Beijing Tianheng within 3 months of the JV Company obtaining the New Business Licence; and
- (v) an aggregate amount of RMB204,071,300 (equivalent to approximately HK\$192,338,643) to Beijing Tianheng within 10 working days of completion of the “Seven connected and one leveling (七通一平)” and all the demolition work in respect of the Property.

The consideration for the Guoco Properties Agreement was determined after arm’s length negotiations between Beijing Tianheng, Best Spot and Guoco Properties with reference to the book value of the total contribution to the registered capital of the JV Company and the amount of the payment obligation of the JV Company to Beijing Tianheng as at the date of the Guoco Properties Agreement.

The Company gave its authorization to Beijing Tianheng to cause a change of the Group’s equity interest in the JV Company as stated in the Confirmation. When Beijing Tianheng negotiated the terms of the Guoco Properties Agreement for itself and on behalf of the Group, Beijing Tianheng withheld RMB8,187,200 (equivalent to approximately HK\$7,716,494 million) out of the consideration of the disposal of the 10% Interests, i.e RMB12 million (equivalent to approximately HK\$11.3 million) as security for the estimated loss arising from Best Spot’s defaults under the Property Development Contract and the Supplemental Property Development Contract. The estimated loss included, but not limited to, (a) the finance cost on Best Spot’s failure in contributing the amount of the outstanding Advance Development Costs; (b) additional land cost arising from Best Spot’s failure to contribute the amount of the outstanding Advance Development Costs; (c) loss of profit arising from the deferred in developing the project; (d) additional management cost; and (e) cost of seeking new investors.

If Beijing Tianheng had not withheld part of the consideration of RMB8,187,200 (equivalent to approximately HK\$7,716,494 million), the total consideration payable to Best Spot would be RMB12,000,000 (equivalent to approximately HK\$11,310,085), 10% of the total registered capital of the JV Company, represented by RMB3,812,800 (approximately HK\$3,593,591) receivable by Best Spot as stated in the Guoco Properties Agreement and RMB8,187,200 (equivalent to approximately HK\$7,716,494 million) withheld by Beijing Tianheng.

Conditions for completion of the Guoco Properties Agreement

The Guoco Properties Agreement was conditional upon, inter alia, (i) the satisfactory due diligence exercise on the JV Company; (ii) the approval of Beijing Authority in respect of the Guoco Properties Agreement; and (iii) Beijing Tianheng has completed the “Seven connected and one leveling (七通一平)” and all the demolition work in respect of the Property within three months of the JV Company obtaining the New Business Licence.

Completion is expected to take place within three days of the JV Company obtaining the New Business Licence.

Up to the date of this announcement, the conditions were fulfilled.

Effect of the Guoco Properties Agreement

Upon the completion of the Guoco Properties Agreement, the then total registered capital of the JV Company was owned, as to 98% by Guoco Properties and 2% by Beijing Tianheng. The Group ceased to have any interests in the JV Company.

Reasons for entering the Guoco Properties Agreement

The Current Directors (including the current independent non-executive Directors) agree the view of the Previous Directors (including the then independent non-executive Directors) that the disposal of the 10% Interests was in line with the then investment policy of the Group which, inter alia, was to concentrate on investment and future development of its investment in any entity with an equity interest of 20% or above.

The Current Directors (including the current independent non-executive Directors) agree with the view taken by the Previous Directors (including the then independent non-executive Directors) that the terms of the Guoco Properties Agreement was agreed after arm’s length negotiations and was fair, reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As disclosed in the annual results of the Company for the year ended 31 December 2004, a gain on disposal of the 10% Interests was HK\$708,000. The gain on disposal was based on the consideration less the cost of the 10% Interests.

Based on the audited accounts of the JV Company for the year ended 31 December 2002 and 2003, the net loss attributable to the 10% Interests for the financial years ended 31 December 2002 and 31 December 2003 were RMB249,027 (equivalent to approximately HK\$234,710) and RMB190,049 (equivalent to approximately HK\$179,122) respectively. Based on the same audited accounts of the JV Company, the net assets attributable to the 10% Interests as at 31 December 2002 and 31 December 2003 were RMB11,482,724 (equivalent to approximately HK\$10,822,549) and RMB11,502,476 (equivalent to approximately HK\$10,841,165) respectively.

Use of proceeds

The proceeds from the disposal of the 10% Interests of RMB12 million (equivalent to approximately HK\$11.31 million) would be used for general working capital of the Group.

Implications under the Listing Rules

Pursuant to Rule 14.22 of the Listing Rules, the First Transfer Agreement, the Second Transfer Agreement were to be aggregated with the Guoco Properties Agreement as they were related to the disposal of interests in the JV Company. As the applicable percentage ratios exceed 75%, the aggregation of the First Transfer Agreement, the Second Transfer Agreement and the Guoco Properties Agreement constituted a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and was subject to the approval of the Shareholders, announcement and circular requirements under Chapter 14 of the Listing Rules. To the best of the Current Directors' knowledge, information and belief, no Shareholder was required to abstain from voting if the Company was to convene a general meeting for the approval of the Guoco Properties Agreement.

The Current Directors noted and regretted the following inadvertent non-compliance of the relevant Listing Rules by the Previous Directors at the material time: (a) prior approval of the Shareholders was not obtained; (b) announcement was not made; and, (c) circular was not despatched to the Shareholders.

The Current Directors admit that there were breaches of Rules 14.34 and 14.48 to 14.53 of the Listing Rules and the Stock Exchange reserves its rights to take appropriate action regarding the breaches.

GENERAL INFORMATION

The Company and the Group

The principal activity of the Company is investment holding while its subsidiaries are mainly engaged in property investment and development business.

Beijing Xicheng

Beijing Xicheng is a state-owned company established in the PRC and under the administrative jurisdiction of the Xicheng district government of Beijing, the PRC. Beijing Xicheng is principally engaged in real estate development and management.

Beijing Tianheng

Beijing Tianheng is a joint stock limited company established in the PRC and is related to Beijing Xicheng in that they are companies under the control of Xicheng district government of Beijing, the PRC. Beijing Tianheng is principally engaged in real estate development and management.

Guoco Properties

Guoco Properties is a wholly-owned subsidiary of Guoco Land Limited (a company incorporated in Singapore with limited liability whose shares are listed on the Main Board of the Stock Exchange of Singapore Limited) and a company incorporated in Bermuda with limited liability. Guoco Properties is principally engaged in property development in the PRC.

4. DISCLOSURE UNDER RULE 13.09 OF THE LISTING RULES IN RELATION TO THE SETTLEMENT AGREEMENT

Summary terms of the Settlement Agreement

Date of agreement: 10 May 2004

Parties involved: Best Spot, a wholly-owned subsidiary of the Company
Beijing Tianheng

Terms and payment of the Settlement

Beijing Tianheng agreed to pay the following amounts to Best Spot:

- (i) an aggregate amount of approximately RMB96 million (equivalent to approximately HK\$90 million) in respect of the First Transfer and the Second Transfer, the 20.1% Interests pursuant to the First Transfer was subsequently transferred to Beijing Tianheng by Beijing Xicheng; and,
- (ii) an aggregate amount of approximately RMB100 million (equivalent to approximately HK\$94 million) in respect of the total Advance Development Costs paid by Best Spot previously;

Best Spot agreed to pay the following amount to Beijing Tianheng:

- (i) an aggregate amount of approximately RMB113.65 million (equivalent to approximately HK\$107.12 million) in respect of losses as result from Best Spot's defaults in paying the Advance Development Costs under the Property Development Contract and the Supplemental Property Development Contract.

The compensation represented:

- (a) the finance cost on Best Spot's failure in contributing the amount of the outstanding Advance Development Costs of RMB45.4 million (equivalent to approximately HK\$42.79 million);

- (b) additional land cost arising from Best Spot's failure to contribute the amount of the outstanding Advance Development Costs of RMB20 million (equivalent to approximately HK\$18.85 million);
- (c) loss of profit arising from the deferred in developing the project of RMB28.7 million (equivalent to approximately HK\$27.05 million);
- (d) additional management cost of RMB4.55 million (equivalent to approximately HK\$4.29 million); and
- (e) cost of seeking new investors of RMB15 million (equivalent to approximately HK\$14.14 million).

The net balance payable by Beijing Tianheng to Best Spot under the Settlement Agreement became RMB82.35 million (equivalent to approximately HK\$76.62 million) and was payable in the following manner:

- (i) approximately RMB6,350,000 (equivalent to approximately HK\$5,935,000) within 60 days after the Guoco Properties Agreement coming into effect (the "**First Payment**");
- (ii) approximately RMB20,000,000 (equivalent to approximately HK\$18,691,000) within three months of the date the Guoco Properties Agreement is being approved by the original approving authority in the PRC and the New Business Licence is being issued to the JV Company (the "**Second Payment**"); and
- (iii) approximately RMB56,000,000 (approximately HK\$52,336,000) within 30 workings days of the date on which Beijing Tianheng has completed the "Seven connected and one leveling (七通一平)" and all the demolition work in respect of the Property (the "**Third Payment**").

All the benefits and liabilities of the Group relating to the formation and disposals of the JV Company were settled by the Settlement Agreement.

During the year ended 31 December 2004, a sum of approximately HK\$5,935,000, represented the First Payment, was received by the Group.

The Second Payment due from Beijing Tianheng was originally due for repayment in January 2005, which was within three months from the date Guoco Properties Agreement being approved by the original approving authority in the PRC on 29 September 2004 and the New Business Licence of the JV Company being issued. However, in 2005, Beijing Tianheng was in negotiation with Guoco Properties in respect of the additional cost allocation as a consequence of changing the construction plan of the Property. Beijing Tianheng and Guoco Properties were agreed to defer the settlement of Guoco Properties' consideration payable to Beijing Tianheng. Consequently, Beijing Tianheng also deferred the Second Payment to the Group until at such time when final agreement is reached between Beijing Tianheng and Guoco Properties.

During the year ended 31 December 2006, Beijing Tianheng repaid the amount of approximately HK\$2,771,000 to the Group. However, no further repayment was made to the Group in respect of the remaining balance of the consideration receivable of approximately HK\$68,256,000. Up to 31 December 2007, a sum of approximately HK\$8,706,000, representing HK\$5,935,000 as the First Payment and HK\$2,771,000 as part of the Second Payment, was received by the Group. With the advice by the Company's PRC legal adviser, the possibility to recover the outstanding balance was remote, the Group had written off the consideration receivable of HK\$68,256,000 during the year ended 31 December 2007.

The Current Directors (including the current independent non-executive Directors) agree with the view taken by the Previous Directors (including the then independent non-executive Directors) that the terms of the Settlement Agreement are fair and reasonable, on normal commercial terms and to the interest of the Company and the Shareholders as a whole.

Although the entering into of the Settlement Agreement did not constitute a transaction under Chapter 14 of the Listing Rules, it was in relation to the disposal of interests in the JV Company, the Current Directors (including the current independent non-executive Directors) agree the view with the Previous Directors (including the then independent non-executive Directors) that it constituted price sensitive information for the Company and should have been discloseable under Rule 13.09 of the Listing Rules.

The Current Directors noted and regretted that the Previous Directors had inadvertently not made announcement as soon as practicable under Rule 13.09 of the Listing Rules.

SUSPENSION OF TRADING

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.

DEFINITIONS

“10% Interests”	10% of the total registered capital of the JV Company owned by Best Spot
“20.1% Interests	20.1% of the total registered capital of the JV Company owned by Best Spot
“60% Interests”	60% of the total registered capital of the JV Company owned by Best Spot
“Advance Development Costs”	the future development costs for the Property in an aggregate amount of RMB230.68 million (equivalent to approximately HK\$217.42 million) provided under the Property Development Contract and increased to RMB535,708,000 (equivalent to approximately HK\$504,908,577) under the Supplemental Property Development Contract
“April 2003 MOU”	B區開發補充合同之諒解備忘錄 (a memorandum of understanding in relation to the Supplemental Property Development Contract) dated 10 April 2003 between Beijing Xicheng, Best Spot and the JV Company
“Beijing Authority”	Beijing Municipal Bureau of Commerce (北京市商務局), previously known as Beijing Municipality Foreign Economic Relations and Trade Commission (北京市對外經濟貿易委員會)
“Beijing Tianheng”	Beijing Tianheng Property Development Joint Stock Company Limited (北京天恒房地產股份有限公司), a joint stock limited company established on 6 December 2002 in the PRC and is related to Beijing Xicheng in that they are companies under the control of Xicheng district government of Beijing
“Beijing Xicheng”	Beijing Xicheng Housing Construction Development Company (北京市西城區住宅建設開發公司), a state-owned company established in the PRC and under the administrative jurisdiction of the Xi Cheng district government of Beijing.
“Best Spot”	Best Spot Investments Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong under the Companies Ordinance with limited liability

“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Kong Sun Holdings Limited, a limited company incorporated in Hong Kong under the Companies Ordinance whose Shares are listed on the Stock Exchange
“Confirmation”	a written confirmation dated 10 March 2004 given by Best Spot to Beijing Tianheng informing that Best Spot would not exercise its rights to repurchase the 20.1% Interests and the 60% Interests
“Current Directors”	current directors of the Company comprising three executive Directors, Mr. Tse On Kin, Mr. Chan Chi Yuen and Mr. Yu Pak Yan, Peter; and three independent non-executive Directors, Ms. Lo Miu Sheung, Betty, Mr. Lau Man Tak and Dr. Wong Yun Kuen
“Director(s)”	director(s) of the Company
“First Transfer”	the transfer of the 20.1% Interests to Beijing Xicheng at a consideration of RMB24 million (equivalent to approximately HK\$22.62 million) pursuant to the First Transfer Agreement
“First Transfer Agreement”	an agreement dated 16 January 2003 between Best Spot and Beijing Xicheng in respect of the First Transfer
“Group”	the Company, its subsidiaries and associated companies
“Guoco Properties”	Guoco Properties Limited, a wholly-owned subsidiary of Guoco Land Limited (a company incorporated in Singapore with limited liability whose shares are listed on the Main Board of the Stock Exchange of Singapore Limited) and a company incorporated in Bermuda with limited liability
“Guoco Properties Agreement”	an agreement dated 20 April 2004 between Beijing Tianheng, Best Spot and Guoco Properties
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“January 2003 MOU”	豐盛危改小區中B區合作合同之諒解備忘錄 (a memorandum of understanding in relation to the Property Development Contract) dated 10 January 2003 between Best Spot and Beijing Xicheng

“JV Company”	Kong Sheng Property Development Limited (江盛房地產開發有限公司), a sino-foreign equity joint venture enterprise (中外合資企業) established in the PRC between Best Spot (90.1%) and Beijing Xicheng (9.9%)
“JV Contract”	the joint venture contract dated 13 September 2001 between Beijing Xicheng and Best Spot in respect of the establishment of the JV Company
“Kong Fa”	Kong Fa Holding Limited, a substantial shareholder of the Company
“Kong Sun Enterprises”	Kong Sun Enterprises Sdn, Bhd, a substantial shareholder of the Company
“Listing Agreement”	the Agreement executed between the Company and the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monetary Consideration”	the monetary consideration of RMB24 million (equivalent to approximately HK\$22.62 million) stipulated under the First Transfer Agreement and RMB72 million (equivalent to approximately HK\$67.86 million) stipulated under the Second Transfer Agreement to be payable to Best Spot in respect of the disposal of the 20.1% Interests and the 60% Interests, respectively
“New Business Licence”	a new business licence of the JV Company showing that Beijing Tianheng and Guoco Properties are the joint venture parties
“Old Listing Rules”	the Listing Rules in effect immediately prior to 31 March 2004
“PRC”	the People’s Republic of China which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Previous Directors”	previous directors of the Company at the material time of the transactions comprised three executive Directors, Dr. Kong Lok King (Chairman and Managing Director), Mr. Kong Li Jer and Mr. Kong Li Szu and two independent non-executive Directors, Mr. Ku Suen Fai and Mr. Fai Cheong Han

“Property”	a property to be developed under the JV Contract which can be described as B District Project in Feng Sheng Wei Gai Sub-District of Xi Cheng District, Beijing, the PRC (北京市西成區豐盛危改小區中B區項目)
“Property Development Contract”	豐盛危改小區中B區開發合同 (a B District co-operation development contract) dated 27 August 2001 entered into between Best Spot and Beijing Xicheng in respect of the development of the Property
“R&O Transfer Agreement”	權利義務轉讓協議 (the rights and obligations transfer agreement) dated 26 January 2002 between Best Spot, Beijing Xicheng and JV Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Second Transfer”	the transfer of the 60% Interests to Beijing Tianheng at a consideration of RMB72 million (equivalent to approximately HK\$67.86 million) pursuant to the Second Transfer Agreement
“Second Transfer Agreement”	the agreement dated 22 April 2003 between Best Spot and Beijing Tianheng in respect of the Second Transfer
“Settlement Agreement”	an agreement dated 10 May 2004 between Best Spot and Beijing Tianheng
“Seven connected and one leveling (七通一平)”	the advance construction work taken in the PRC, such as accessing road, electricity, water supply and drainage, gas, communication and cable TV and natural leveling of land
“Share”	share of HK\$0.10 in the capital of the Company
“Shareholder(s)”	the holder(s) of shares in the Company
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Property Development Contract” B區開發補充合同 (a supplemental agreement to the Property Development Contract dated 1 April 2003 between Beijing Xicheng, the JV Company and Best Spot)

“%” percent

For the purposes of this announcement, unless otherwise indicated, the exchange rates at HK\$1.00=RMB1.061 has been used, where applicable, for purpose of illustration only and do not constitute a representation that any amount have been, could have been or may be exchanged.

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

Hong Kong, 3 November 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. Yu Pak Yan, Peter; and three Independent Non-executive Directors, Ms. Lo Miu Sheung, Betty, Mr. Lau Man Tak and Dr. Wong Yun Kuen.