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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)

**TOP-UP PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES**

Placing Agent



KINGSTON SECURITIES LIMITED

THE TOP-UP PLACING AND TOP-UP SUBSCRIPTION

On 18 June 2009 (after trading hours), the Vendor, the Company and the Placing Agent entered into the Top-up Placing and Subscription Agreement pursuant to which, the Vendor agreed to place, through the Placing Agent, an aggregate of 817,000,000 existing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) and shall be independent of, and not acting in concert with, the Vendor and his concert parties, at a price of HK\$0.10 per Top-up Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for, following the completion of the Top-up Placing, an aggregate of 817,000,000 Top-up Subscription Shares at a Top-up Subscription Price of HK\$0.10 per Top-up Subscription Share.

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.10 represents a discount of approximately 15.25% to the benchmarked closing price of HK\$0.118 per Share, which is the higher of (i) the closing price of HK\$0.118 as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) the average closing price of HK\$0.078 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

A total of 817,000,000 Top-up Placing Shares (or a total of 817,000,000 Top-up Subscription Shares) represents (i) approximately 15.64% of the existing issued share capital of the Company of 5,225,166,921 Shares as at the date of this announcement; and (ii) approximately 13.52% of the issued share capital of the Company of 6,042,166,921 Shares as enlarged by the Top-up Subscription.

The Top-up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and (ii) the completion of the Top-up Placing.

The gross proceeds from the Top-up Subscription will be HK\$81.70 million. The net proceeds of approximately HK\$79.25 million from the Top-up Subscription are intended to be used as general working capital of the Group for expansion of the Group's business and/or possible investments in the future when opportunities arise.

THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT

Date

18 June 2009 (after trading hours)

Parties involved

The Vendor, the Company and the Placing Agent

THE TOP-UP PLACING

Parties involved

The Vendor and the Placing Agent

Placing Agent

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Top-up Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Agent has agreed to place the Top-up Placing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) and shall be independent of, and not acting in concert with, the Vendor and his concert parties. No individual Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after completion of the Top-up Placing.

Top-up Placing Price

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.10 represents a discount of approximately 15.25% to the benchmarked closing price of HK\$0.118 per Share, which is the higher of (i) the closing price of HK\$0.118 as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) the average closing price of HK\$0.078 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

The Top-up Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent on the date of the Top-up Placing and Subscription Agreement. The Directors consider that the terms of the Top-up Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Number of the Top-up Placing Shares

A total of 817,000,000 Top-up Placing Shares (or the maximum number of 817,000,000 Top-up Subscription Shares) represents (i) approximately 15.64% of the existing issued share capital of the Company of 5,225,166,921 Shares as at the date of this announcement; and (ii) approximately 13.52% of the issued share capital of the Company of 6,042,166,921 Shares as enlarged by the Top-up Subscription.

Ranking of Top-up Placing Shares

The Top-up Placing Shares will rank *pari passu* in all respects among themselves and with Shares in issue as at the date of this announcement.

Conditions of the Top-up Placing

The Top-up Placing is unconditional.

Completion

The Top-up Placing is expected to be completed on or before 24 June 2009.

THE TOP-UP SUBSCRIPTION

Parties involved

The Company and the Vendor

The Top-up Subscription Price

The Top-up Subscription Price is HK\$0.10 per Top-up Subscription Share. The Top-up Subscription Price is the same as the Top-up Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Top-up Placing Price.

Number of Top-up Subscription Shares

The number of Top-up Subscription Shares is equivalent to the number of Top-up Placing Shares, being a total of 817,000,000 Top-up Subscription Shares. The aggregate nominal value of the Top-up Subscription Shares will be HK\$81,700,000.

Ranking of Top-up Subscription Shares

The Top-up Subscription Shares, when allotted and issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of allotment and issuance of the Top-up Subscription Shares.

The Top-up Subscription Shares

The Top-up Subscription Shares are to be allotted and issued under the General Mandate. The total number of issued Shares as at the date of the AGM was 4,085,166,921 Shares. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue are 817,033,384 Shares (up to 20% of the then issued share capital of the Company). Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

Conditions of the Top-up Subscription

The Top-up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and
- (ii) the completion of the Top-up Placing.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-up Subscription must be completed within 14 days after the date of the Top-up Placing and Subscription Agreement, that is, on or before 2 July 2009.

In the event that the conditions to the Top-up Placing and Subscription Agreement are not fulfilled by 2 July 2009, or such later date as may be agreed between the Company and the Vendor, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-up Subscription to a later date to be agreed between the Company and the Vendor.

REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS

The Directors believe that the Top-up Placing and the Top-up Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider that the Top-up Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-up Subscription will be HK\$81.70 million. The net proceeds of approximately HK\$79.25 million from the Top-up Subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise. The net proceeds to be raised per Share upon completion of the Top-up Subscription will be approximately HK\$0.097 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

| | Immediately before the Top-up Placing and the Top-up Subscription | | Immediately after the Top-up Placing but before the Top-up Subscription | | Immediately after the Top-up Subscription and the Top-up Placing | |
|---|---|-----------------------------------|---|-----------------------------------|--|-----------------------------------|
| | <i>Number of Shares</i> | <i>Approximate percentage</i> | <i>Number of Shares</i> | <i>Approximate percentage</i> | <i>Number of Shares</i> | <i>Approximate percentage</i> |
| Mr. So | 902,735,656 | 17.28% | 85,735,656 | 1.64% | 902,735,656 | 14.94% |
| Integrated Asset Management (Asia) Limited | 756,000,000 | 14.47% | 756,000,000 | 14.47% | 756,000,000 | 12.51% |
| Au Tsui Yee Maggie | 756,000,000 | 14.47% | 756,000,000 | 14.47% | 756,000,000 | 12.51% |
| Public: | | | | | | |
| Placees of Top-up Placing | – | – | 817,000,000 | 15.64% | 817,000,000 | 13.52% |
| Other public Shareholders | <u>2,810,431,265</u> | <u>53.78%</u> | <u>2,810,431,265</u> | <u>53.78%</u> | <u>2,810,431,256</u> | <u>46.52%</u> |
| Total | <u>5,225,166,921</u> | <u>100.00%</u> | <u>5,225,166,921</u> | <u>100.00%</u> | <u>6,042,166,921</u> | <u>100.00%</u> |

GENERAL

The Company is an investment holding company. The principal activities of its subsidiaries are property investment and development, manufacture and sales of life-like plants and provision for financial services.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Top-up Subscription Shares.

Terms and definitions

| | |
|-------------------|---|
| “AGM” | the annual general meeting of the Company held on 2 June 2009 |
| “Board” | the board of Directors |
| “Company” | Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange |
| “Director(s)” | director(s) of the board of the Company |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM |

| | |
|---|---|
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. So” or “Vendor” | Mr. So Chi Ming, a director of certain subsidiaries of the Company |
| “Placee(s)” | any professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Top-up Placing and Subscription Agreement |
| “Placing Agent” | Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Top-up Placing” | the placing of the Top-up Placing Shares by the Placing Agent to the Placees pursuant to the terms of the Top-up Placing and Subscription Agreement |
| “Top-up Placing and Subscription Agreement” | the agreement dated 18 June 2009 entered into between the Vendor, the Company and the Placing Agent in relation to the Top-up Placing and the Top-up Subscription |
| “Top-up Placing Price” | HK\$0.10 per Top-up Placing Share |
| “Top-up Placing Share(s)” | a total of 817,000,000 existing Shares beneficially owned by Mr. So and to be placed pursuant to the Top-up Placing and Subscription Agreement |
| “Top-up Subscription” | the subscription of Top-up Subscription Shares by Mr. So pursuant to the terms of the Top-up Placing and Subscription Agreement |

| | |
|--------------------------------|--|
| “Top-up Subscription Price” | HK\$0.10 per Top-up Subscription Share |
| “Top-up Subscription Share(s)” | a total of 817,000,000 new Shares to be subscribed by Mr. So pursuant to the Top-up Placing and Subscription Agreement |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 18 June 2009

As at the date of this announcement, the board of directors of the Company comprise three executive directors, Mr. Tse On Kin, Mr. Chan Chi Yuen, Mr. Yu Pak Yan, Peter; and three independent non-executive directors, Mr. Man Kwok Leung, Mr. Lau Man Tak and Dr. Wong Yun Kuen.