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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kong Sun Holdings Limited, you should at once hand this circular and the accompany form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME;
REFRESHMENT OF GENERAL MANDATES;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Independent Board Committee is set out on page 12 of this circular and a letter from Vinco Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 19 of this circular.

A notice convening the extraordinary general meeting ("EGM") of the Company to be held at Unit C, 10/F, Wings Building, 110-116 Queen's Road Central, Hong Kong on Wednesday, 22 July 2009 at 11:30 a.m. is set out on pages 32 to 36 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

6 July 2009

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	12
Letter from Vinco Capital	13
Appendix I – Summary of the principal terms of the New Share Option Scheme	20
Appendix II – Explanatory Statement	29
Notice of Extraordinary general meeting.	32

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company (and, in relation to the New Share Option Scheme, includes any committee or delegate of the Board appointed by the Board to perform any of its function)
“Business Day”	any day on which the Stock Exchange is open for business of dealing in securities
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning as defined in the Listing Rules
“Contract”	in relation to an employee or a director, his/her contract of employment or service contract or terms of employment with his/her Employer (as amended from time to time), whether or not such contract is written or oral and comprised in one or more documents
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company, and in relation to the New Share Option Scheme, the directors of any Eligible Entity, including executive and non-executive director(s)
“EGM”	the extraordinary general meeting of the Company to be held on 22 July 2009 for the purpose of considering and, if thought fit, approving, among other things, the New Share Option Scheme, termination of Existing Share Option Scheme and the New General Mandates

DEFINITIONS

“Eligible Entity”	the Company, any of its holding companies (as defined in the Companies Ordinance) and any of their respective subsidiaries (as defined in the Companies Ordinance), and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest
“Employer”	in relation to a Participant, the Eligible Entity which employs or has appointed him/her under his/her Contract
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 2 June 2009, among other things, to allot, issue and deal with up to 817,033,384 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 408,516,692 Shares, representing 10% of the then issued share capital of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 30 June 2003
“Extension Mandate”	the proposed extension of the Issue Mandate to be sought at the EGM to authorise the Directors to issue further Shares equal to the Shares repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Issue Mandate and the Extension Mandate
“Independent Non-Executive Director”	in relation to any company, a person who from time to time is an independent non-executive director of that company within the meaning of the Listing Rules
“Independent Shareholders”	Shareholders other than the Controlling Shareholder(s) and their associates or, where there are no Controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates

DEFINITIONS

“Issue Mandate”	the general mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of approval of the mandate
“Latest Practicable Date”	2 July 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandates”	the Issue Mandate, the Repurchase Mandate and the Extension Mandate
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Shareholders at the EGM
“Offer Date”	in relation to an Option, the date (which must be a Business Day) on which a Participant is offered such Option
“Option”	as the context may require, in relation to the New Share Option Scheme or the Existing Share Option Scheme, a right granted under the New Share Option Scheme or the Existing Share Option Scheme (as the case may be) to subscribe for Shares in accordance with the New Share Option Scheme or the Existing Share Option Scheme (as the case may be)
“Option-holder”	a person holding an Option (and, where relevant, includes his personal representatives)
“Option Period”	in relation to an Option, the period, which is notified by the Board when making an offer to a Participant, during which the Option may be exercised, such period must not exceed the period of 10 years from the Offer Date of such Option
“Option Price”	in respect of any Option granted under the New Share Option Scheme, the subscription price for each Share payable by the Option-holder on exercise of the Option as determined by the Board and notified to an Option-holder in accordance with the Rules

DEFINITIONS

“Other Scheme(s)”	any other share option scheme(s) involving the grant by the Company or any of its subsidiaries of options over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules or any other share option scheme(s) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (including the Existing Share Option Scheme)
“Participant”	any person who is (or will be on and following the Offer Date) an employee (whether full time or part time) holding salaried office or employment under a Contract with an Eligible Entity or is a Director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the Board in its sole discretion considers eligible for the New Share Option Scheme on the basis of his or her contribution to the Group
“Repurchase Mandate”	the general mandate proposed to be sought at the EGM to authorize the Directors to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the total fully paid-up nominal amount of the share capital of the Company as at the date of approval of the mandate
“Rules”	the rules of the New Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning as defined in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Top-up Placing”	the placing of 817,000,000 Shares by Kingston Securities Limited to the places pursuant to the terms of the Top-up Placing and Top-up Subscription Agreement, details of which were set out in the announcement of the Company dated 18 June 2009

DEFINITIONS

“Top-up Placing and Top-up Subscription Agreement”	the agreement dated 18 June 2009 entered into between So Chi Ming, the Company and Kingston Securities Limited
“Top-up Subscription”	the subscription of 817,000,000 new Shares pursuant to the Top-up Placing and Top-up Subscription Agreement, details of which were set out in the announcement of the Company dated 18 June 2009
“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Issue Mandate and the Extension Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 295)

Executive Directors

Mr. Tse On Kin (*Chairman*)

Mr. Chan Chi Yuen

Mr. Yu Pak Yan, Peter

Independent non-executive Directors:

Mr. Lau Man Tak

Mr. Man Kwok Leung

Dr. Wong Yun Kuen

Registered office and principal

place of business:

Unit C, 10/F

Wings Building

110-116 Queen's Road Central

Hong Kong

6 July 2009

To the Shareholders

Dear Sir or Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME;
REFRESHMENT OF GENERAL MANDATES;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with (i) the details of the New Share Option Scheme; (ii) the New General Mandates; (iii) the recommendation from the Independent Board Committee on the refreshment of the Issue Mandate and the Extension Mandate; (iv) the recommendation from the Vinco Capital to the Independent Board Committee and Independent Shareholders on the Issue Mandate and the Extension Mandate; and (v) the notice convening the EGM.

LETTER FROM THE BOARD

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was adopted on 30 June 2003. The Existing Share Option Scheme is the only share option scheme of the Company. As at the Latest Practicable Date, the Company has no outstanding Options granted under the Existing Share Option Scheme and the Board has no present intention to grant any Option under the Existing Share Option Scheme up to the date of the EGM. The Board proposes for the approval of the Shareholders at the EGM that, subject to approval and adoption of the New Share Option Scheme by the Shareholders at the EGM, the Existing Share Option Scheme be terminated and no further Options be granted under the Existing Share Option Scheme.

New Share Option Scheme

At the EGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the EGM subject to the Stock Exchange granting approval for the listing of and dealing in the shares to be issued and allotted pursuant to the exercise of options in accordance with the terms and conditions of the New Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the Participants in recognition of their contribution to the Group.

Assuming that there is no further change in the issued share capital between the period from the Latest Practicable Date to the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 604,216,692 Shares.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to Shareholders.

None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the EGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any Other Schemes must not in aggregate exceed 10 per cent. of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10 per cent. limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any Other Schemes must not exceed 30 per cent. of the issued share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in the Appendix I to this circular on pages 20 to 28. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit C, 10/F., Wings Building, 110-116 Queen's Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

In accordance with the requirements of the Listing Rules, the Company will publish an announcement on the outcome of the EGM in respect of the resolution relating to the adoption of the New Share Option Scheme on the website of the Stock Exchange.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

REFRESHMENT OF GENERAL MANDATES

At the annual general meeting of the Company held on 2 June 2009, the Shareholders approved, among other things, an ordinary resolution (i) to grant to the Directors the Existing General Mandate to allot up to 817,033,384 Shares, which is equivalent to 20% of the then issued share capital of the Company and (ii) to repurchase up to 408,516,692 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company.

LETTER FROM THE BOARD

During the period from the granting of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been utilized as to 817,000,000 Shares (being approximately 99.96% of the 817,033,384 Shares that are allowed to be allotted and issued under the Existing General Mandate) pursuant to the completion of the Top-up Placing and Top-up Subscription Agreement on 29 June 2009. Following the completion of the Top-up Placing and Top-up Subscription, the issued share capital of the Company was enlarged to 6,042,166,921 Shares.

In order to provide a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development, the Board proposes to refresh the general mandates for the Directors to (i) issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM; (ii) repurchase Shares on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the EGM; and (iii) extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate.

Each of the Issue Mandate and the Extension Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to the Listing Rules, the Issue Mandate and the Extension Mandate will be subject to the Independent Shareholders approval by way of poll at the EGM, and the Controlling Shareholder of the Company and its associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour thereon.

Based on the 6,042,166,921 Shares in issue and assuming that no further Shares are repurchased and issued prior to the EGM, subject to the passing of the relevant ordinary resolutions to approve the New General Mandates at the EGM, the Directors will be authorized to allot and issue up to a limit of 1,208,433,384 Shares under the Issue Mandate; and to repurchase up to 604,216,692 Shares under the Repurchase Mandate. The Directors consider that the New General Mandates will enhance the flexibility for the Company to manage its business and therefore the New General Mandates are fair and reasonable and the granting of the New General Mandates are in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company had no present intention to exercise the Issue Mandate to allot and issue any new Shares.

The Independent Board Committee comprising Mr. Lau Man Tak, Mr. Man Kwok Leung and Dr. Wong Yun Kuen, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on the Issue Mandate and the Extension Mandate. Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Issue Mandate and the Extension Mandate.

The text of the letter from the Independent Board Committee is set out on page 12 of this circular and the text of the letter from Vinco Capital containing its advice is set out on pages 13 to 19 of this circular.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 32 to 36 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve the adoption of the New Share Option Scheme, the termination of the Existing Share Option Scheme and the New General Mandates.

Pursuant to the Listing Rules, each of the Issue Mandate and the Extension Mandate requires the approval of the Independent Shareholders by poll at the EGM. The Controlling Shareholder of the Company and its associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour thereon. As at the Latest Practicable Date, the Company had no Controlling Shareholder and no Shares were held by the Directors or their associates. On the aforesaid basis, no Shareholder is required to abstain from voting in favour of the relevant resolutions.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the EGM or any adjourned meeting thereof should the Shareholders so wish.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme and the New General Mandates are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

GENERAL

The English text of this circular and proxy form shall prevail over the Chinese text.

Your attention is also drawn to the information set out in the appendices to this circular.

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



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 295)

6 July 2009

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES

We refer to the circular of the Company to the Shareholders dated 6 July 2009 (the “**Circular**”), of which this letter forms part. Terms defined herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Vinco Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter of advice on pages 13 to 19 of the Circular.

Having considered the advice of Vinco Capital, we consider that the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Issue Mandate and the Extension Mandate.

Yours faithfully,

Independent Board Committee

Lau Man Tak

Independent Non-executive

Director

Man Kwok Leung

Independent Non-executive

Director

Wong Yun Kuen

Independent Non-executive

Director

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the proposed Issue Mandate and the Extension Mandate, which has been prepared for the purpose of incorporation in this circular.



Grand Vinco Capital Limited

Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

6 July 2009

*To the Independent Board Committee and the Independent Shareholders of
Kong Sun Holdings Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed Issue Mandate and the Extension Mandate, details of which are set out in the section headed "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 6 July 2009 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 13.36(4) of the Listing Rules, the proposed Issue Mandate and the Extension Mandate require the approval of the Independent Shareholders by way of poll at the EGM with the controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates abstain from voting in favour of the resolutions. As at the Latest Practicable Date, the Company had no controlling Shareholder and none of the Directors is interested in any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the relevant resolutions.

The Independent Board Committee, comprising Mr. Man Kwok Leung, Dr. Wong Yun Kuen and Mr. Lau Man Tak, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the proposed Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the proposed Issue Mandate and the Extension Mandate are in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VINCO CAPITAL

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the proposed Issue Mandate and the Extension Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Issue Mandate and the Extension Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without prior written consent.

LETTER FROM VINCO CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the proposed Issue Mandate and the Extension Mandate, we have considered the following principal factors and reasons:

Background of and reasons for the proposed Issue Mandate and the Extension Mandate

The Group is an investment holding company and its subsidiaries are principally engaged in property investment and development, manufacture and sales of life-like plants and provision of financial services.

At the annual general meeting of the Company held on 2 June 2009, the Existing General Mandate was granted to the Directors to (i) allot and issue up to a maximum of 817,033,384 Shares (which is equivalent to 20% of the then issued share capital of the Company); and (ii) to repurchase up to 408,516,692 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company. During the period from granting the Existing General Mandate to the Latest Practicable Date, the Company entered into the Top-up Placing and Top-up Subscription Agreement. Pursuant to the completion of the Top-up Placing and Top-up Subscription Agreement on 29 June 2009, the Existing General Mandate has been utilised as to 817,000,000 Shares (being approximately 99.96% of the 817,033,384 Shares that are allowed to be allotted and issued under the Existing General Mandate). As a result, only 33,384 new Shares could further be issued under the Existing General Mandate, which represents approximately 0.00064% of the existing share capital of the Company as at the Latest Practicable Date.

Given that (i) the Existing General Mandate has been substantially utilised upon the issue of 817,000,000 Shares immediately after the completion of the Top-up Placing and Top-up Subscription Agreement on 29 June 2009; and (ii) the proposed Issue Mandate and the Extension Mandate provides the financing alternatives for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issuance of additional new Shares for its future development, the Board thus proposed to pass an ordinary resolution at the EGM to approve the proposed Issue Mandate and the Extension Mandate in accordance with Rule 13.36(4) of the Listing Rules to (i) allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the entire issued share capital of the Company as at the date of the EGM under the Issue Mandate; (ii) repurchase Shares on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the EGM; and (iii) extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate.

Based on the 6,042,166,921 Shares in issue as at the Latest Practicable Date and no further Shares are repurchased and issued prior to the EGM, the Directors will be able to allot and issue up to 1,208,433,384 Shares under the Issue Mandate; and to repurchase up to 604,216,692 Shares under the Repurchase Mandate. The proposed Issue Mandate and the Extension Mandate will be in force when it is approved by the Independent Shareholders by way of poll at the EGM.

LETTER FROM VINCO CAPITAL

Fund raising activities in the past 12 months

According to the information provided by the Directors, the following table summarizes the information relating to the Company's fund raising activities in the past 12 months:

Date of announcement	Transaction	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
18 June 2009	Top-up placing of 817,000,000 Shares	HK\$79.25 million	As general working capital, for expansion of the Group's business and/or possible investments in the future when opportunities arise	Not yet utilised

Save as disclosed above, the Company has not conducted any fund-raising activities in the past 12 months.

According to the annual report 2008 of the Company for the year ended 31 December 2008, we noted that the Group had cash and bank balances of approximately HK\$78,202,000 as at 31 December 2008.

As stated in the annual report 2008, we noted that the Group has experienced difficulties and reported a loss attributable to Shareholders of approximately HK\$43,228,000 and is expected to look for businesses and projects with good potential growth and returns in the future. As confirmed by the Directors, the Group has sufficient cash resources for it to conduct its daily operations and the Group has no immediate funding needs for its current operation. However, in the event that the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms given the general tightening of credit in the banking and finance industry, or cannot find other alternatives to finance such investment opportunity in a timely manner, the Company may lose its chances to capture an otherwise favourable investment and/or a favorable opportunity to expand its business portfolio. In light of the above, we are of the view that the proposed Issue Mandate and the Extension Mandate are fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

Financial flexibility

As at the Latest Practicable Date, the Directors confirmed that there is no proposal for any investment or acquisition and we noted that the Directors cannot perceive whether or not there will be any issue of Shares and the amount thereof and the application of such proceeds.

LETTER FROM VINCO CAPITAL

The Directors believe that the proposed Issue Mandate and the Extension Mandate will (i) provide the Company with additional flexibility in determining the sources of financing for any investment opportunities that may arise in the future; and (ii) enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through way of issue of new Shares or other convertible instruments. Meanwhile, the Directors consider that decisions may have to be made within a short period of time as and when the investment opportunities arise and thus the proposed Issue Mandate and the Extension Mandate would provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to raise capital for funding such potential investments. As such, we concur with the Directors' view that the Issue Mandate and the Extension Mandate provide more financing alternatives to the Group to raise additional capital for any future needs or as working capital of the Group and are therefore fair and reasonable as the Company and the Independent Shareholders are concerned.

Other financing alternatives

We have enquired into the Directors and the Directors consider equity financing to be an important avenue of resources for the Group since it does not incur any interest burden on the Group when compared to debt financing. However, the Directors will also consider other financing methods such as debt financing or internal cash resources to fund its future investment and/or business development. Despite the Group has sufficient working capital to meet its present requirements, there is no guarantee that such cash resources will be sufficient or be available for the investment that may be identified by the Company in the future. In addition, debt financing may incur interest burden on the Group and it may subject to, including but not limited to lengthy due diligence and negotiations with the banks with reference to the Group's financial position, capital structure and the stock market condition from time to time. As for the other forms of pro rata equity financing method such as rights issue or open offer, most would incur substantial costs in form of underwriting commission. Also, owing to the global financial turmoil, the Directors consider that the Company may not be able to procure favourable terms in commercial underwriting. Accordingly, the Directors consider that equity financing such as issuance of new Shares may be an appropriate means to fund such investments and provide additional working capital for future development and expansion of the Group.

Taken into consideration that the proposed Issue Mandate and the Extension Mandate would (i) enhance the financing flexibility of the Company to raise fund as and when the opportunities arise in the future; and (ii) enlarge the shareholder base of the Company, we are thus of the view that there are acceptable grounds for the Directors to propose the grant of the proposed Issue Mandate and the Extension Mandate to issue Shares at the EGM.

LETTER FROM VINCO CAPITAL

Potential dilution to shareholding of the Independent Shareholders

Set out below a table illustrating the shareholding structure of the Company (i) as the Latest Practicable Date; and (ii) upon full utilization of the proposed Issue Mandate and the Extension Mandate (assuming no other Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM):

	As at the Latest Practicable Date		Upon full utilisation of the proposed Issue Mandate and the Extension Mandate (assuming no other Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
So Chi Ming	902,735,656	14.94	902,735,656	12.45
Integrated Asset Management (Asia) Limited (<i>Note</i>)	756,000,000	12.51	756,000,000	10.43
Au Tsui Yee, Maggie	726,000,000	12.02	726,000,000	10.01
Public Shareholders				
Shares issued under the proposed Issue Mandate and the Extension Mandate	–	–	1,208,433,384	16.67
Placees of Top-up Placing	817,000,000	13.52	817,000,000	11.27
Other public Shareholders	2,840,431,265	47.01	2,840,431,265	39.17
Total	<u>6,042,166,921</u>	<u>100.00</u>	<u>7,250,600,305</u>	<u>100.00</u>

Note: Integrated Asset Management (Asia) Limited is beneficially and wholly owned by Mr. Yam Tak Cheung.

LETTER FROM VINCO CAPITAL

Assuming the proposed Issue Mandate and the Extension Mandate are fully utilised (assuming no other Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM), 1,208,433,384 new Shares will be issued, representing approximately 20.00% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 16.67% of the then entire issued share capital of the Company as enlarged by the Shares issued under the Issue Mandate. Accordingly, the aggregate shareholding of the other public Shareholders will decrease from approximately 54.36% to approximately 39.17%, representing a potential maximum dilution of approximately 15.19%.

Taking into account that (i) the proposed Issue Mandate and the Extension Mandate will provide an alternative to raise the capital base of the Group; (ii) the proposed Issue Mandate and the Extension Mandate provide alternative options of financings to the Group for any future investment and business development as and when it arises; and (iii) the fact that the shareholding of each of the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the proposed Issue Mandate and the Extension Mandate, we consider such potential dilution to the shareholdings of the Independent Shareholders is acceptable.

CONCLUSION

Having taken into consideration the above principal factors and reasons, we are of the view that the proposed Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and that the proposed Issue Mandate and the Extension Mandate are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the proposed Issue Mandate and the Extension Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the EGM:

1. PURPOSE

The purpose of the New Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

2. WHO MAY JOIN

To determine the eligibility of the Participant, the Board may offer to grant an Option to any Participant who has contribution to the Group to subscribe for such number of Shares at the Option Price calculated according to paragraph 5 below, subject always to any limits and restrictions specified in the Rules.

3. PAYMENT ON ACCEPTANCE OF OPTION OFFER

A Participant shall pay the Company HK\$1.00 for the grant of an Option on acceptance of an Option offer within 21 days after the Offer Date.

4. TERMS OF OPTIONS

Options granted under the New Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include:

- (A) vesting conditions which must be satisfied before an Option-holder's Option shall become vested and capable of being exercised; and
- (B) the Board may, in its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the New Share Option Scheme. Apart from this general discretion of the Board, the Rules do not contain specific provisions on the minimum period during which an Option must be held before exercise or on performance targets applicable to Options.

Under the New Share Option Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Directors to provide incentive to eligible Participants to remain as eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the Option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the New Share Option Scheme does not provide for the granting of Options with rights to subscribe for Shares at a discount to the traded prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to Participants and to impose minimum period for which the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

5. OPTION PRICE

The Option Price will be determined by the Board at its absolute discretion and notified to an Option-holder. The minimum Option Price shall not be less than the highest of:

- (A) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (B) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (C) the nominal value of the Shares.

6. MAXIMUM NUMBER OF SHARES SUBJECT TO THE NEW SHARE OPTION SCHEME

- 6.1 Subject to the limits referred to in paragraphs 6.2, 6.3 and 6.4, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any options to be granted under any Other Scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at the Adoption Date.

Options lapsed in accordance with the terms of the New Share Option Scheme and any Other Scheme will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

- 6.2 With the approval of the Shareholders in general meeting, the Board may "refresh" the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph) provided that the total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and any Other Scheme under the limit as "refreshed" shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the "refreshed" limit.

Options previously granted under the New Share Option Scheme and Option granted under any Other Schemes (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

- 6.3 Subject to the limits referred to in paragraphs 6.4, 7 and 23 below, the Board may, with the approval of the Shareholders, grant Options in excess of the 10% limit to Participants specifically identified before Shareholders’ approval is sought. In such situation, the Company will send a circular to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Participants with an explanation of how the terms of the Options will serve the purpose.
- 6.4 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and all outstanding options granted and yet to be exercised under any Other Scheme shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the New Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Subject always to the limits referred to in paragraphs 6 above and 23 below, the Board shall not grant any Options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those Options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Participant and his associates abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and previously granted to such Participant).

8. TIME OF EXERCISE OF OPTIONS

Subject to the provisions in paragraphs 10 to 15 below, an Option under the New Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of offer (see paragraph 4 above).

9. NON-TRANSFERABILITY OF OPTIONS

Except for the transmission of an Option on the death of an Option-holder to his personal representatives, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option-holder to any other person. If an Option-holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

10. RIGHTS ON CEASING EMPLOYMENT

If an Option-holder ceases to be a Participant as a result of the cessation of his employment for any reason other than his death or the termination of his employment on certain grounds specified in the Rules and this paragraph 10, then the Option-holder may exercise any vested Option at the date of cessation of his employment within the period of 1 month following the date of such cessation or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested Option can be exercised by such Option-holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 1-month period or such other period as the Board may determine.

If an Option-holder ceases to be a Participant by reason of the termination of his employment on one or more grounds of misconduct or conviction of a criminal offence involving dishonesty, all Options not exercised shall lapse automatically on the date which the Option-holder ceases to be a Participant.

11. RIGHTS ON DEATH

If an Option-holder ceases to be a Participant by reason of his death and none of the events which would be a ground for termination of his employment specified in the Rules and paragraph 10 above has occurred, the legal personal representative(s) of the Option-holder may exercise any vested Option within a period of 12 months from the date of his death or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested Option can be exercised by the legal personal representative(s) of such Option-holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 12-month period or such other period as the Board may determine.

12. RIGHTS ON A GENERAL OFFER

If more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror, the Board will notify every Option-holder of such event within 14 days of becoming so aware (or as soon as practicable). Each Option-holder will be entitled to exercise his vested Options during the 6-month period starting on the later of:

- (A) the date of the Board's notification to the Option-holders; and
- (B) the date on which the person making the offer obtains control of the Company.

The Options will only lapse on expiry of this 6-month period if the Board gives notice to the Option-holder before the end of the period specifying that the Options will lapse.

13. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Participant and thereupon, every Participant shall be entitled to exercise his/her Option (if not already exercised) to its full extent or to the extent specified (such exercise to occur not later than two Business Days prior to the proposed Shareholders' meeting referred to above) by notice in writing to the Company, stating that the Option is thereby exercised and the number of shares in respect of which it is exercised, accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot such number of Shares to the Participant which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Participant of the passing of such resolution within seven days after the passing thereof.

14. REORGANISATION OF CAPITAL STRUCTURE

In the event of a capitalisation of profits or reserves, further rights issues of Shares, consolidation or subdivision of Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

- (A) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (B) the price at which the Options are exercisable.

Any such adjustment shall be made on the basis that:

- (A) the proportion of the issued share capital of the Company to which an Option-holder is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment; and
- (B) it will not enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Option-holder would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and

- (C) the auditors or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 17.03 (13) of the Listing Rules, except where such adjustment is made on a capitalisation issue.

15. LAPSE OF OPTIONS

An Option will lapse on the earliest of:

- (a) the expiry of the Option Period; or
- (b) the expiry of any of the other periods referred to in paragraphs 10, 11, 12 and 13 above; or
- (c) the expiry of 3 months following a court order sanctioning a compromise or arrangement in relation to the reconstruction of the Company or its amalgamation with another company or companies.

16. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights (which include, among other things, voting rights and dividend rights) attaching to Shares by reference to a date preceding the date of allotment. The Shares subject to the New Share Option Scheme are not required to be separately designated.

17. CANCELLATION OF OPTIONS

Notwithstanding any other provision in the New Share Option Scheme (except for the provisions in paragraph 18 below), the Board may cancel any Option (which has been granted but not yet exercised). Unless the Option-holder otherwise agrees, the Board may only cancel such Option if, at the election of the Board:

- (A) the Company pays to the Option-holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board, after consultation with the auditors or an independent financial adviser appointed by the Board; or
- (B) the Board offers to grant to the Option-holder replacement Options (or options under any Other Scheme) of equivalent value to the Options to be cancelled, provided that the grant of such replacement Options (or options under any Other Scheme) shall not cause the limits set out in paragraphs 6, 7 above and 23 below to be breached; or

- (C) the Board makes such arrangements as the Option-holder may agree to compensate him for the loss of the Option.

18. AMENDMENTS TO THE NEW SHARE OPTION SCHEME AND TERMS OF OPTIONS

Subject to the provisions of this paragraph 18, the Board may amend any of the provisions of the New Share Option Scheme and the terms of any Options (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option-holders at that date) and provided that amendments which are to the advantage of present or future Option-holders and which relate to matters contained in Rule 17.03 of the Listing Rules are sanctioned by the Shareholders in general meeting.

Any amendment to the Rules which is of a material nature or any amendment to the terms and conditions of the Options granted may only be made with the approval of the Shareholders save where the amendments take effect automatically under the Rules. The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Board in relation to any amendment of the Rules may only be made with the approval of the Shareholders in general meeting.

19. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company, by ordinary resolution in general meeting, or the Board may terminate the New Share Option Scheme at any time and in such event no further Options shall be granted under the New Share Option Scheme but any Options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the Rules.

20. PERIOD OF THE NEW SHARE OPTION SCHEME

Subject to the Board exercising its right under the Rules to terminate the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted. The provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the Rules, or otherwise to the extent as may be required in accordance with the provisions of the New Share Option Scheme.

21. CONDITIONS

The New Share Option Scheme will be conditional on:

- (A) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (B) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of the Options in accordance with the terms of the New Share Option Scheme.

22. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (A) the date of the Board meeting for the approval of the Company's interim or annual results; and
- (B) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

23. RESTRICTIONS ON GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES OR SUBSTANTIAL SHAREHOLDERS ETC.

Each grant of Options to a Participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the Independent Non-Executive Directors of the Company (excluding any Independent Non-Executive Director who is the proposed grantee of the Options).

Where any grant of Options to a Substantial Shareholder or an Independent Non-Executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted under the New Share Option Scheme (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (A) representing in aggregate over 0.1% of the Shares in issue; and
- (B) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). Any Shareholder who is a Connected Person of the Company must abstain from voting in favour of the resolution to approve such further grant of Options.

A Shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the Options to be granted and containing the recommendation from the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the grantee of the Option) as to voting and any other information as required under the Listing Rules.

Any change in the terms of Options granted to Substantial Shareholders or Independent Non-Executive Directors or any of their respective associates must be approved by the Shareholders in general meeting.

24. ADMINISTRATION

The Board will have responsibility for administering the New Share Option Scheme. There are no trustees appointed for the purposes of the New Share Option Scheme.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

REPURCHASE MANDATE

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules relating to an ordinary resolution to be proposed at the EGM to be held on 22 July 2009 to approve a general and unconditional mandate to be given to the Directors to exercise the powers of the Company to purchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the ordinary resolution, shares of HK\$0.10 each in the capital of the Company, up to a maximum of 10% of the aggregate nominal amount of issued share capital of the Company as at the date of passing the resolution.

The Directors believe the Repurchase Mandate is in the interests of the Company and Shareholders, and accordingly recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 6,042,166,921 Shares. Subject to the passing of an ordinary resolution for the granting of the Repurchase Mandate and on the basis that the Top-up Placing and the Top-up Subscription are completed and no further Shares are issued or repurchased prior to the EGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 604,216,692 Shares.

REASONS FOR REPURCHASES

The Directors consider that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

Repurchases of Shares will be funded entirely from funds legally available for such purpose in accordance with the Articles and the applicable laws of Hong Kong. It is presently proposed that any Shares repurchased under the Repurchase Mandate would be repurchased out of the capital paid up on the repurchased Shares, profits of the Company which would otherwise be available for distribution or the Company's share premium account.

IMPACT ON WORKING CAPITAL

There might be a material adverse impact on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in its audited financial statements contained in the annual report of the Company for the year ended 31 December 2008) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong. None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their respective associates, having any present intention to sell any Shares to the Company or its subsidiaries any of the Shares in the event that the Repurchase Mandate is granted.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that he has a present intention to sell to the Company or its subsidiaries any of his Shares, or has undertaken not to do so, in the event that the Repurchase Mandate is granted.

TAKEOVERS CODE AND SHARE REPURCHASES

In the event that the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the Substantial Shareholders of the Company, So Chi Ming, Integrated Asset Management (Asia) Limited and Au Tsui Yee Maggie were beneficially interested in 902,735,656 Shares, 756,000,000 Shares and 726,000,000 Shares respectively representing approximately 14.94%, 12.51% and 12.02% respectively of the issued share capital of the Company. If the Repurchase Mandate is exercised in full, So Chi Ming, Integrated Asset Management (Asia) Limited and Au Tsui Yee Maggie will increase their shareholdings in the Company to approximately 16.60%, 13.90% and 13.35% respectively. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent as to result in takeover obligations or that the aggregate amount of Shares in public hands would reduce below 25%.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
June to November (<i>Note</i>)	–	–
December	0.052	0.018
2009		
January	0.027	0.017
February	0.031	0.017
March	0.026	0.019
April	0.030	0.022
May	0.052	0.023
June	0.175	0.047
July (up to the Latest Practicable Date)	0.124	0.103

Note: No trading in the Shares was recorded from April 2008 to November 2008 since the trading in the Shares was suspended

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months prior to the Latest Practicable Date.

NOTICE OF EXTRAORDINARY GENERAL MEETING



KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 295)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Kong Sun Holdings Limited (the “**Company**”) will be held at Unit C, 10/F, Wings Building, 110-116 Queen’s Road Central, Hong Kong on Wednesday, 22 July 2009 at 11:30 a.m. for the purpose of considering and, if thought fit, to pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. **THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares (the “**Shares**”) of the Company falling to be issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme.”
2. “**THAT** conditional on the passing of Ordinary Resolution No. 1 hereinabove, the share option scheme adopted by the Company on 30 June 2003 be and is hereby terminated with immediate effect provided that options which have been granted and remain outstanding shall continue to be valid and exercisable in accordance with their terms of issue and the provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.”
3. A. “**THAT**
 - (a) subject to paragraph (c) of this resolution below, the exercise by the directors of the Company (the “**Director(s)**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with the additional shares in the share capital of the Company and to make or grant offers, agreements and options, including bonds, warrants, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares of the Company, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, including bonds, warrants, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares of the Company, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under terms of any existing warrants, bonds, debentures, notes and other securities of the Company;
 - (iii) the exercise of option granted under any share option scheme or any similar arrangement for the time being adopted for the grant or issue to officers and/or employees and/or other eligible persons of the Company and/or any of subsidiaries of shares or rights to acquire shares of the Company;
 - (iv) any scrip dividend or similar arrangement providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on the shares of the Company in accordance with the articles of association of the Company in force from time to time;
 - (v) the exercise of any conversion rights attaching to any convertible notes issued or to be issued by the Company; and
 - (vi) a specified authority granted by the shareholders of the Company in general meeting;shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this resolution; and the said approval shall be limited accordingly;
- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and hereby revoked; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(e) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation or renewal of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the Directors to holders of the shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in, any territories applicable to the Company).”

3. B. **“THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Director during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase the shares in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchanges on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with the applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchanges as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) the aggregate nominal amount of the share of the Company which the Company is authorized to purchase pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the shares capital of the Company in issue at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution be limited accordingly.

(c) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation or renewal of the authority given under this resolution by an ordinary resolution of shareholders of the Company in general meeting.

3. C. “**THAT** subject to the passing of the above resolutions 3A and 3B, the aggregate nominal amount of share which are to be purchased by the Company pursuant to the authority granted to the Directors as mentioned in resolution 3B shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the Directors pursuant to resolution 3A.”

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

Hong Kong, 6 July 2009

*Registered Office and
principal place of business in Hong Kong:*
Unit C, 10/F
Wings Building
110-116 Queen’s Road Central
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Every member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy (if a member who is holder of two or more shares) to attend and vote for him/her on his/her behalf of the meeting.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th, Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof.
4. As at the date of this notice, the board of directors of the Company comprises three executive directors, Mr. Tse On Kin, Mr. Chan Chi Yuen and Mr. Yu Pak Yan, Peter; and three independent non-executive directors, Mr. Lau Man Tak, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.