KONG SUN HOLDINGS LIMITED
江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF LISUN PLASTIC FACTORY LIMITED

The Board is pleased to announce that on 25 May 2011 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Agreement pursuant to which the Purchaser agreed to purchase from the Vendor the entire issued share capital of the Target Company at the consideration of HK$20,000,000.

As the relevant percentage ratios calculated pursuant to the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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THE AGREEMENT

Date

25 May 2011 (after trading hours)

Parties

Purchaser:	Smart Future Investments Limited, a wholly-owned subsidiary of the Company
Vendor:	Reach Billion Limited
Guarantor:	Chu Ka Wah Caroll

The Vendor is an investment holding company whose principal activity is holding of the entire issued share capital of the Target Company.

The Guarantor is a merchant and the sole shareholder of the Vendor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and the Guarantor are Independent Third Parties.

Assets to be acquired

The Sale Shares, being the entire issued share capital of the Target Company.

Consideration

The Consideration of HK$20,000,000 shall be satisfied by the Purchaser in cash in the following manner:

(a) HK$3,000,000 has been paid upon signing of the Agreement; and

(b) the remaining balance of HK$17,000,000 shall be payable within 10 Business Days after the date of the Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and was determined with reference to, among others, (i) the business prospects of the Target Group; (ii) the net fair value of the properties owned by the Target Company based on preliminary valuation provided by an independent valuer; and (iii) the Profit Guarantee. The Company intends to finance the Consideration by internal resources of the Group.

Having considered the above and the factors described in the paragraph headed "Reasons for and benefits of the Acquisition" below, the Directors are of the view that the terms of the Agreement (including the Consideration) are fair and reasonable and in the interests of the Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is conditional upon:

(a) if necessary, all approvals by the government and regulatory authorities (including but not limited to the Stock Exchange) for the transactions contemplated under the Agreement being obtained; and

(b) all relevant regulatory requirements (including but not limited to those under the Listing Rules) having been complied with and satisfied;

If the Conditions Precedent have not been fulfilled by the Long Stop Date, the Agreement shall lapse, and

(a) the Vendor shall forthwith repay the whole amount of the deposit of HK$3,000,000 without interest to the Purchaser; and

(b) subject to the fulfilment of the matter set out in (a) above, all rights and obligations of the parties to the Agreement shall cease to have effect except in respect of any accrued rights and obligations of the parties to the Agreement.

Completion

Completion of the Acquisition is expected to take place on the last day of the month in which all the Conditions Precedent are satisfied in full or such other date as the Vendor and the Purchaser may agree. Upon completion of the Acquisition, the Target Group will become wholly-owned subsidiaries of the Company and the financial statements of the Target Group will be consolidated in the accounts of the Group.

Profit Guarantee

Each of the Vendor and the Guarantor undertakes to the Purchaser that the 2011 Net Profit shall not be less than HK$2,000,000.

In the event that the 2011 Net Profit is less than HK$2,000,000, each of the Vendor and the Guarantor undertakes to pay to the Purchaser the profit guarantee shortfall within 5 Business Days after the date of the 2011 Audited Accounts calculated on the following basis:

Profit guarantee shortfall = (HK$2,000,000 – 2011 Net Profit) X 6

The maximum liability of the Vendor in respect of the Profit Guarantee shall not exceed HK$12,000,000.

Guarantee provided by the Guarantor

The Guarantor agrees to guarantee the complete performance by the Vendor of all its obligations under the Agreement and the sums payable by the Vendor under the Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability, and is wholly-owned by the Vendor. The Target Group is principally engaged in manufacturing of artificial flowers.

Set out below is the audited consolidated financial information of the Target Group for the two financial years ended 31 December 2009 and 2010 respectively:

	For the year ended 31 December	
	2010	2009
	Approximately HK$'000	*Approximately HK$'000*
Revenue	**8,926**	9,002
(Loss)/profit before and after taxation	**(426)**	21

According to the audited financial statements of the Target Group, the audited consolidated net assets value of the Target Group as at 31 December 2010 was approximately HK$0.45 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property investment and development, manufacture and sales of life-like plants and securities investment.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company. The Directors consider that the Acquisition provide an opportunity for the Group to diversify the Group's products and expand the customer base of the Group.

Taking into account of the above and the Profit Guarantee, the Directors consider that the terms of the Acquisition are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios calculated pursuant to the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the use of capitalized terms in this announcement shall have the following meanings:

"2011 Audited Accounts"	means audited accounts of the Target Group for the year ending 31 December 2011 to be prepared in accordance with the generally accepted accounting principles in Hong Kong by an accounting firm as agreed by the parties to the Agreement
"2011 Net Profit"	the audited net profit before interest, tax, depreciation and amortisation of the Target Group calculated in accordance with the generally accepted accounting principles in Hong Kong
"Acquisition"	the acquisition by the Purchaser of the entire issued share capital of the Target Company from the Vendor pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 25 May 2011 entered into between the Vendor, the Purchaser and the Guarantor in respect of the Acquisition
"Board"	the board of Directors

"Business Day(s)"	day(s) (other than a Saturday, Sunday and public holiday) on which banks generally are open for business in 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
"Completion"	completion of the Acquisition pursuant to the terms set out in the Agreement
"Conditions Precedent"	the conditions precedent of the Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration for the sale and purchase of the Sale Shares under the Agreement, being a sum of HK$20,000,000
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries, and "member of the Group" shall be construed accordingly
"Guarantor"	Chu Ka Wah Caroll
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) and its(their) ultimate beneficial owner(s), if applicable, which is(are) independent of and not connected with the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 June 2011 or such other date as the Vendor and the Purchaser may agree
"PRC"	The People's Republic of China
"Profit Guarantee"	the profit guarantee undertaken by the Vendor and the Guarantor in favour of the Purchaser that the 2011 Net Profit shall not be less than HK$2,000,000
"Purchaser"	Smart Future Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Sale Shares"	600,000 ordinary shares of HK$1.00 each in the issued share capital of Target Company, representing the entire issued share capital of the Target Company

"Share(s)"	the ordinary share(s) with par value of HK$0.20 each in the capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Lisun Plastic Factory Limited, a company incorporated in Hong Kong with limited liability
"Target Group"	the Target Company and its subsidiary
"Vendor"	Reach Billion Limited, a company incorporated in Hong Kong, all its issued shares are owned by the Guarantor
"HK$"	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, 25 May 2011

As at the date of this announcement, the board of directors of the Company comprises two executive Directors, Mr. Tse On Kin 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.