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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)**

### **DISCLOSEABLE TRANSACTION SWAP OF PROPERTIES**

The Board announces that on 24 February 2012, Lisun entered into the Property Swap Agreement with the Vendors, pursuant to which Lisun will transfer the ownership of Property I to the Vendors and the Vendors will transfer the ownership of Property II to Lisun. Upon Completion, Lisun will become the owner of Property II and the Vendors will become the owner of Property I. Lisun will pay Vendors a consideration of HK\$1,820,000.

As the relevant percentage ratios calculated pursuant to the Listing Rules of each of the transfer of ownership of Property I by Lisun to the Vendors and the transfer of ownership of Property II by the Vendors to Lisun exceed 5% but are less than 25%, each of the transfers constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

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#### **THE PROPERTY SWAP AGREEMENT**

##### **Date**

24 February 2012

## **Parties**

- (i) Lisun, a wholly-owned subsidiary of the Company
- (ii) the Vendors, Mr. Choi Ka Chun and Ms. Leung Yuen Yee

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **Subject properties of the Property Swap**

- (i) *Property to be transferred by Lisun to the Vendors*

Property I, which is located at Unit 2C, Cheong Wah Factory Building, 39–41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong with the total saleable floor area of approximately 2,907 square feet, is currently self-occupied by Lisun for warehouse use.

Property I is valued at HK\$6,250,000 as at 31 December 2011 using comparison approach by an independent valuer. The Group expects to record a gain on disposal of approximately HK\$4,518,000, which is estimated based on the value of the Property I of HK\$6,250,000 less the unaudited net book value of Property I as at 31 January 2012 of approximately HK\$1,732,000. The actual gain on disposal is subject to the net book value of the Property I as at Completion.

- (ii) *Property to be transferred by the Vendors to Lisun*

Property II, which is located at Unit 9C, Cheong Wah Factory Building, 39–41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong with the total saleable floor area of approximately 2,907 square feet, is currently partially leased to Lisun by the Vendors for office use for a period of 3 years commencing on 17 September 2010 and ending on 16 September 2013 at a monthly rent of approximately HK\$11,000.

Property II is valued at HK\$7,000,000 as at 20 February 2012 using comparison approach by an independent valuer.

Upon Completion, the Group will become the owner of the Property II and the Group will no longer lease the Property II from the Vendors.

## **Consideration**

The consideration of HK\$1,820,000 payable by Lisun to the Vendors was determined after arm's length negotiations between the parties to the Property Swap Agreement in normal commercial terms after having taken into account (i) the valuations of the Property I and Property II conducted by independent valuers, and (ii) the effect of streamlining the daily management and operation of Lisun.

The consideration for the Property Swap has been and will be paid in the following manners:

- (i) as to HK\$182,000 has been paid upon signing the Property Swap Agreement; and
- (ii) as to HK\$1,638,000 will be paid upon Completion.

The consideration has been and will be financed by the internal resources of the Group.

### **Completion**

The completion of the Property Swap will take place on or before 31 May 2012.

### **REASON FOR THE PROPERTY SWAP**

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

The office of Lisun is currently located at Units 9B and 9C of Cheong Wah Factory Building, of which unit 9B is self-owned property and unit 9C is leased from the Vendors. The warehouse of Lisun is located at unit 2C of Cheong Wah Factory Building. Upon completion, the ownership of units 9B and 9C of Cheong Wah Factory Building will belong to Lisun. The office and warehouse of Lisun will be located at the same floor. The Directors consider that the Property Swap can streamline the Group's ownership of properties and the daily management and operation of Lisun.

The Directors are of the view that the terms of the Property Swap are on normal commercial terms, fair and reasonable and in the interests of the Group and its shareholders as a whole.

### **GENERAL**

As the relevant percentage ratios calculated pursuant to the Listing Rules of each of the transfer of ownership of Property I by Lisun to the Vendors and the transfer of ownership of Property II by the Vendors to Lisun exceed 5% but are less than 25%, each of the transfers constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	Kong Sun Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Property Swap under the Property Swap Agreement

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lisun”	Lisun Plastic Factory Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Property I”	Unit 2C, Cheong Wah Factory Building, 39–41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong with the total saleable floor area of approximately 2,907 square feet
“Property II”	Unit 9C, Cheong Wah Factory Building, 39–41 Sheung Heung Road, Tokwawan, Kowloon, Hong Kong with the total saleable floor area of approximately 2,907 square feet
“Property Swap”	the transfer of ownership of Property I by Lisun to the Vendors and the transfer of ownership of Property II by the Vendors to Lisun
“Property Swap Agreement”	the property swap agreement dated 24 February 2012 entered into between Lisun and the Vendors in respect of the Property Swap
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Choi Ka Chun and Ms. Leung Yuen Yee
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Kong Sun Holdings Limited**  
**Chan Chi Yuen**  
*Chairman*

Hong Kong, 24 February 2012

*As at the date of this announcement, the Board comprises of two executive directors, Mr. Chan Chi Yuen and Mr. Yu Pak Yan, Peter and three independent non-executive directors, Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Man Kwok Leung.*