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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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the unaudited consolidated management accounts of the Group, the Group is expected to record a substantial loss for the year ended 31 December 2011 as compared to that for the corresponding period in 2010.

**Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.**

This announcement is made by Kong Sun Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial loss for the year ended 31 December 2011 as compared to that of the corresponding period in 2010. Based on information currently available, the Board believes that the loss was primarily due to (i) the overall decrease in gross profit margin of the Group as affected by the adverse business environment caused by the debt crisis in Europe and the United States of America in the second half of 2011 and increase in the operating costs, including labour costs in the People’s Republic of China; (ii) the loss on fair value changes on convertible bond; and (iii) the gain on fair value changes on investment properties. The Board considers that as the fair value changes on convertible bond and investment properties are non-cash items, they will not have an impact on the operating cash flows of the Group.

The information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts for the year ended 31 December 2011 which have not been audited by the Company's auditor. The Company is in the process of finalizing the results of the Group for the year ended 31 December 2011 which is expected to be published in March 2012.

**Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.**

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

Hong Kong, 28 February 2012

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