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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)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE PROPOSED SUBSCRIPTION
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE**

This announcement is made by Kong Sun Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the announcement of the Company dated 30 March 2014 (the “**Announcement**”) regarding a proposed subscription for shares and/or convertible securities of the Company representing not less than 25% of the enlarged share capital of the Company. Capitalized terms in this announcement take the same meanings ascribed to them in the Announcement.

**THE PROPOSED SUBSCRIPTION AND IMPLICATIONS UNDER THE
TAKEOVERS CODE**

If the Proposed Subscription should result in the Investor securing 30% or more of the voting rights of the Company, the Investor will be obligated to make a general offer to the Shareholders of their Shares under the Takeovers Code unless a waiver is granted by the Executive (as defined in the Takeovers Code).

Detailed terms of the Proposed Subscription are still subject to negotiation and finalization and as at the date of this announcement, no binding agreements in relation to the Proposed Subscription have been entered into. The Proposed Subscription may or may not materialise, or if it materialises, may or may not result in the Investor having 30% or more of the voting rights of the Company. In the event that a general offer is made pursuant to the Proposed Subscription, it will likely be made for cash. Further announcements with respect to the Proposed Subscription will be made as and when required for compliance with the provisions under the Takeovers Code.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company, as there is no certainty that the Proposed Subscription will proceed or if proceeded with, will result in the Investor securing 30% or more of the voting rights of the Company.

BACKGROUND OF INVESTOR AND INTERESTS IN SHARES

The Investor Pohua JT Private Equity Fund L.P. is a private equity investment fund established in the Cayman Islands. Investors in such investment fund are limited partners. The general partner of the Investor is Pohua JT Capital Partners Limited and it controls the investment decisions of the Investor. The Investor and parties acting in concert with it do not hold any Shares as at the date of this announcement.

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, the Company has 1,762,662,519 shares of HK\$0.01 each in issue. The Company has no other outstanding relevant securities as defined in Note 4 to Rule 22 of the Takeovers Code. All associates (as defined in the Takeovers Code, including those who hold 5% or more of any class of relevant securities) of the Company and the Investor are reminded to disclose their dealings in any relevant securities of the Company. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

By order of the Board
Kong Sun Holdings Limited
Mr. Yu Pak Yun, Peter
Chairman

Hong Kong, 1 April 2014

As of the date of this announcement, the Board comprises three executive directors, Mr. Yu Pak Yan, Peter, Mr. Chang Hoi Nam and Mr. Liu Wen Ping and three independent non-executive directors, Mr. Lau Man Tak, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.

All the directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement (except for the information set forth under the section headed “BACKGROUND OF INVESTOR AND INTERESTS IN SHARES”) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by the Investor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As of the date of this announcement, the general partner of the Investor is Pohua JT Capital Partners Limited and the directors of Pohua JT Capital Partners Limited are Mr. Li Haifeng, Mr. Liu Jinsong and Mr. Zhao Qian.

Pohua JT Capital Partners Limited and all the directors of Pohua JT Capital Partners Limited jointly and severally accept full responsibility for the accuracy of the information set forth under the section headed “BACKGROUND OF INVESTOR AND INTERESTS IN SHARES”) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Investor in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.