KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

2013 RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Kong Sun Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*3*	**9,229**	8,560
Sales of life-like plants	*3*	**7,983**	6,840
Properties rental income	*3*	**1,246**	1,720
		9,229	8,560
Cost of sales		**(7,337)**	(7,127)
Gross profit		**1,892**	1,433
Other revenue	*5*	**3,578**	3,585
Loss on fair value changes of held-for-trading investments		**(60)**	(187)
Impairment loss on available-for-sale financial assets		**(4,352)**	(1,500)
Impairment loss recognised in respect of goodwill		**–**	(8,582)
Impairment loss recognised in respect of property, plant and equipment		**–**	(4,036)
Gain on disposal of available-for-sale financial assets		**2,400**	13,248
Gain on fair value changes of investment properties		**3,100**	14,734
Distribution and selling expenses		**(107)**	(458)
Administrative expenses		**(14,173)**	(20,001)
Other operating expenses		**–**	(10,143)
Finance costs	*6*	**(320)**	(346)
Loss before tax		**(8,042)**	(12,253)
Income tax credit	*7*	**256**	1,352
Loss for the year attributable to owners of the Company	*8*	**(7,786)**	(10,901)
Loss per share			
Basic and diluted	*9*	**HK(0.51) cents**	HK(1.23) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013** **HK$'000**	2012 *HK$'000*
Loss for the year	*8*	**(7,786)**	(10,901)
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		**(31)**	22
Gain (loss) on fair value changes of available-for-sale financial assets		**9,344**	(313)
Reclassification to consolidated statement of profit or loss:			
Impairment loss on available-for-sale financial assets		**4,352**	1,500
Other comprehensive income for the year, net of income tax		**13,665**	1,209
Total comprehensive income (expense) for the year attributable to owners of the Company		**5,879**	(9,692)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	At 31 December 2013 HK$'000	At 31 December 2012 HK$'000
Non-current assets			
Investment properties		**95,900**	92,800
Property, plant and equipment		**42,786**	45,697
Prepaid lease payments		**13,003**	13,475
Available-for-sale financial assets		**42,105**	22,332
Goodwill		**–**	–
Deposit paid for acquisition of property, plant and equipment		**–**	114
		193,794	174,418
Current assets			
Inventories	*10*	**1,023**	1,450
Loan receivable		**10,000**	–
Trade receivables	*11*	**722**	694
Other receivables, prepayments and deposits		**1,585**	4,048
Prepaid lease payments		**473**	473
Held-for-trading investments		**1,073**	1,133
Pledged bank deposits		**136**	1,161
Bank balances and cash		**111,841**	105,643
		126,853	114,602
Current liabilities			
Trade payables, other payables and accrued charges	*12*	**12,983**	13,344
Borrowings		**9,457**	8,829
Obligations under finance leases		**301**	9
		22,741	22,182
Net current assets		**104,112**	92,420
Total assets less current liabilities		**297,906**	266,838
Non-current liabilities			
Obligations under finance leases		**991**	23
Deferred tax liabilities		**7,466**	7,722
		8,457	7,745
Net assets		**289,449**	259,093
Capital and reserves			
Share capital		**17,627**	14,690
Reserves		**271,822**	244,403
Total equity		**289,449**	259,093

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(International Financial Reporting Interpretation Committee)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009–2011 addressed a number of amendments to various HKFRSs.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) together with the amendments to HKFRS 10 and HKFRS 12 regarding the transitional guidance. HKAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee if and only if it has (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements for both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements.

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

HKFRS 13 has been applied prospectively as of the beginning of the annual period and resulted in additional disclosure to the financial statements. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contribution[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(International Financial Reporting Interpretation Committee)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

The directors of the Company anticipate that the application of new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 — Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidate subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The directors of the Company anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

3. TURNOVER

An analysis of the Group's turnover for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of life-like plants	**7,983**	6,840
Properties rental income	**1,246**	1,720
	9,229	8,560

The direct operating expenses from investment properties that generated rental income amounted to approximately HK$197,000 (2012: HK$213,000) for the year ended 31 December 2013.

4. SEGMENT INFORMATION

The Group's operating segment, based on information reported to the chief operating decision maker, the board of directors, for the purpose of resources allocation and performance assessment are as follows:

(a) The manufacturing and sales of life-like plants segment engaged in manufacturing and sales of life-like plants in Hong Kong and the Peoples' Republic of China (the "PRC").

(b) The properties investment engaged in the investment in properties in Hong Kong.

(c) The securities investment engaged in the trading of listed securities and investing activities in Hong Kong.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2013

	Manufacturing and sales of life-like plants *HK$'000*	**Properties investment** *HK$'000*	**Securities investment** *HK$'000*	**Total** *HK$'000*
Turnover	**7,983**	**1,246**	**–**	**9,229**
Segment revenue	**7,983**	**1,246**	**–**	**9,229**
Segment (loss) profit	**(8,790)**	**3,896**	**3,155**	**(1,739)**
Unallocated corporate operating income				**197**
Unallocated corporate operating expenses				**(4,228)**
Impairment loss on available-for-sale financial assets				**(4,352)**
Gain on disposal of available-for-sale financial assets				**2,400**
Finance costs				**(320)**
Loss before tax				**(8,042)**

For the year ended 31 December 2012

	Manufacturing and sales of life-like plants *HK$'000*	Properties investment *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Turnover	6,840	1,720	–	8,560
Segment revenue	6,840	1,720	–	8,560
Segment (loss) profit	(35,772)	16,082	1,300	(18,390)
Unallocated corporate operating income				99
Unallocated corporate operating expenses				(5,364)
Impairment loss on available-for-sale financial assets				(1,500)
Gain on disposal of available-for-sale financial assets				13,248
Finance costs				(346)
Loss before tax				(12,253)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain indirect administration costs, bank interest income, directors' emoluments, finance costs, gain on disposal of available-for-sale financial assets and impairment loss on available-for-sale financial assets. This is the measure reported to the chief operating decision marker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2013	2012
	HK$'000	*HK$'000*
Segment assets		
Manufacturing and sales of life-like plants	**64,167**	64,724
Properties investment	**99,083**	92,976
Securities investment	**103,406**	96,414
Total segment assets	**266,656**	254,114
Unallocated corporate assets	**53,991**	34,906
Consolidated total assets	**320,647**	289,020

	2013	2012
	HK$'000	*HK$'000*
Segment liabilities		
Manufacturing and sales of life-like plants	**1,224**	6,389
Properties investment	**343**	165
Securities investment	**–**	–
Total segment liabilities	**1,567**	6,554
Unallocated corporate liabilities	**29,631**	23,373
Consolidated total liabilities	**31,198**	29,927

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale financial assets, certain other receivables, prepayments and deposits, loan receivable and certain bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to reportable segments other than certain other payables and accrued charges, deferred tax liabilities, borrowings and obligations under finance leases as these liabilities are managed on a group basis.

Other segment information

2013

	Manufacturing and sales of life-like plants *HK$'000*	Properties investment *HK$'000*	Securities investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets *(Note)*	**2,611**	**–**	**–**	**–**	**2,611**
Amortisation of prepaid lease payments	**473**	**–**	**–**	**–**	**473**
Depreciation of property, plant and equipment	**4,261**	**35**	**–**	**–**	**4,296**
Gain on fair value changes of investment properties	**–**	**(3,100)**	**–**	**–**	**(3,100)**
Loss on fair value changes of held-for-trading investments	**–**	**–**	**60**	**–**	**60**
Gain on disposal of available-for-sales financial assets	**–**	**–**	**–**	**(2,400)**	**(2,400)**
Gain on disposal of property, plant and equipment	**(131)**	**–**	**–**	**–**	**(131)**
Impairment loss on available-for-sale financial assets	**–**	**–**	**–**	**4,352**	**4,352**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:					
Interest income	**–**	**–**	**(1,670)**	**(50)**	**(1,720)**
Loan interest income	**–**	**–**	**–**	**(148)**	**(148)**
Finance costs	**–**	**–**	**–**	**320**	**320**
Income tax credit	**(295)**	**39**	**–**	**–**	**(256)**

Other segment information (Continued)

2012

	Manufacturing and sale of life-like plants *HK$'000*	Properties investment *HK$'000*	Securities investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets *(Note)*	9,990	816	–	–	10,806
Amortisation of prepaid lease payments	473	–	–	–	473
Depreciation of property, plant and equipment	5,051	47	–	–	5,098
Gain on fair value changes of investment properties	–	(14,734)	–	–	(14,734)
Loss on fair value changes of held-for-trading investments	–	–	187	–	187
Gain on disposal of available-for-sales financial assets	–	–	–	(13,248)	(13,248)
Gain on disposal of property, plant and equipment	(1,772)	–	–	–	(1,772)
Loss on written off of property, plant and equipment	3,471	–	–	–	3,471
Loss on written off of inventories	6,672	–	–	–	6,672
Impairment loss on available-for-sale financial assets	–	–	–	1,500	1,500
Impairment loss recognised in respect of goodwill	8,582	–	–	–	8,582
Impairment loss recognised in respect of property, plant and equipment	4,036	–	–	–	4,036
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:					
Interest income	–	–	(1,322)	(2)	(1,324)
Finance costs	–	–	–	346	346
Income tax (credit) expense	(1,401)	42	–	7	(1,352)

Note: Non-current assets excluded those relating to financial instruments.

Geographical information

The Group's operations are located in Hong Kong (place of domicile) and the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical locations of the assets are detailed below:

	Revenue from external customers		**Non-current assets (Note)**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**3,664**	3,774	**112,625**	111,607
PRC	**–**	–	**39,064**	40,479
USA	**2,834**	2,625	**–**	–
Others	**2,731**	2,161	**–**	–
	9,229	8,560	**151,689**	152,086

Note: Non-current assets excluded those relating to financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**2,212**	2,625
Customer B	**1,599**	1,077
Customer C	**1,385**	N/A*

* The previous revenue did not contribute over 10% of the total sales of the Group.

All the above revenue was derived from the sale of life-like plants.

5. OTHER REVENUE

	2013	2012
	HK$'000	*HK$'000*
Net foreign exchange gain	**1,081**	136
Gain on disposal of property, plant and equipment	**131**	1,772
Interest income	**1,720**	1,324
Loan interest income	**148**	–
Sundry income	**498**	353
	3,578	3,585

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**256**	271
Finance leases	**35**	75
Bank overdrafts	**29**	–
	320	346

7. INCOME TAX CREDIT

	2013	2012
	HK$'000	*HK$'000*
Under-provision in prior years:		
PRC Enterprise Income Tax	**–**	10
Deferred tax:		
Current year	**(256)**	(1,362)
	(256)	(1,352)

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2013 and 2012.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**700**	700
Staff costs:		
Directors' remuneration	**1,995**	2,160
Wages, salaries and other benefits (excluding directors)	**6,136**	6,148
Retirement benefit costs (excluding directors)	**465**	386
Total staff costs	**8,596**	8,694
Cost of inventories recognised as an expense	**7,337**	7,127
Loss on written off of property, plant and equipment *(Note)*	**–**	3,471
Loss on written off of inventories *(Note)*	**–**	6,672
Amortisation of prepaid lease payments	**473**	473
Depreciation of property, plant and equipment	**4,296**	5,098
Operating lease rental on rented premises	**634**	856

Note:

Included in other operating expenses in the consolidated statement of profit or loss for year ended 31 December 2012, were loss on written off of property, plant and equipment and inventories of approximately HK$3,471,000 and HK$6,672,000, respectively. The board of directors resolved to terminate the manufacturing and sales of christmas trees business included in the manufacturing and sales of life-like plants segment during the year ended 31 December 2012 as a result of the keen competition and decline in the demand for christmas trees products of the Group. Relevant inventories and property, plant and equipment were obsolete and written off. In the opinion of the directors of the Company, the carrying amount of such assets cannot be recovered through use or disposal. There is no further written off in respect of the property, plant and equipment and inventories as at 31 December 2013.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(7,786)**	(10,901)

	Number of shares	
	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,540,577**	885,401

For the year ended 31 December 2013, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for 2013.

For the year ended 31 December 2012, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and conversion of Company's outstanding warrants because the exercise prices of those share options and warrants were higher than the average market price for shares for 2012.

10. INVENTORIES

	At 31 December 2013 *HK$'000*	At 31 December 2012 *HK$'000*
Raw materials	**764**	1,133
Work in progress	**163**	202
Finished goods	**96**	115
	1,023	1,450

11. TRADE RECEIVABLES

	At 31 December 2013 *HK$'000*	At 31 December 2012 *HK$'000*
Trade receivables	**722**	694

The Group allows a credit period normally ranging from 0 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period. The Group does not hold any collateral over these balances.

	At 31 December 2013 *HK$'000*	At 31 December 2012 *HK$'000*
1 to 30 days	**709**	681
31 to 90 days	**8**	6
91 to 180 days	**5**	7
	722	694

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	At 31 December 2013 *HK$'000*	At 31 December 2012 *HK$'000*
Trade payables	**148**	58
Other payables and accrued charges	**12,835**	13,286
	12,983	13,344

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 31 December 2013 *HK$'000*	At 31 December 2012 *HK$'000*
1 to 30 days	**148**	58

The average credit period on purchases of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. LITIGATION

On 3 November 2003, an action was commenced by Mr. Cheung Yik Wang ("CYW"), who claims himself as an investor of Easternet Limited which owns 46% of Xswim (Holding) Limited ("Xswim Holding") which is a 54% owned subsidiary of the Company, against Mr. Kong Li Szu as 1st defendant, the Company's former director, and the Company as 2nd defendant for recovering a sum of HK$11,600,000 together with interest and costs in connection with a cheque issued on 20 December 2002 by the Company to CYW which was dishonoured upon presentation for payment. It was alleged that the cheque was issued by the Company as a guarantee for payment of a cheque issued by Mr. Kong. A defence was filed by the Company on 19 January 2004. CYW also filed a reply to defence on 17 February 2004. Subsequently, CYW took no further proceedings in the action, and up to the date of approval of these financial statements, such notice had not been filed by CYW nor served on the Company.

In the opinion of the directors of the Company, in 2002, Xswim Holding, a non-wholly owned subsidiary of the Company, and its subsidiaries ("Xswim Group") advanced to the Company an aggregate of approximately HK$15,241,000. In 2002, the Company repaid Xswim Group HK$5,600,000 leaving a balance of approximately HK$9,641,000 outstanding (the "Outstanding Balance") and requested CYW to advance HK$2,000,000 (the "Intended Loan") to the Company. As a result, the Company and Mr. Kong respectively issued on 20 December 2002 a cheque with an amount of HK$11,600,000 each payable to CYW as securities for the Outstanding Balance and the Intended Loan, although CYW has never advanced the Intended Loan to the Company. The Company repaid in full the Outstanding Balance to Xswim Group in 2003. Upon the full repayment of the Outstanding Balance in 2003, in the opinion of the directors of the Company, the Company no longer had legal or financial obligations to pay CYW and thus refused to present the cheque previously issued to CYW in 2003. As at 31 December 2013 and 2012, with the advices by the Company's legal adviser, the directors of the Company were of the opinion that the Group has proper and valid defences to the CYW's action and accordingly, no provision for loss had been accounted for in these financial statements.

14. FINANCIAL GUARANTEE CONTRACT

The Company had issued a guarantee to a bank in respect of banking facilities of HK$9,200,000 to Lisun Plastic Factory Limited ("LSHK"), a wholly-owned subsidiary of the Company on 18 July 2011. The banking facilities were renewed on 4 May 2012, the Company had issued another guarantee to bank in respect of renewed banking facilities of approximately HK$11,425,000 on the same day.

LSHK is an entity covered by a guarantee arrangement issued by the Company to a bank in respect of banking facilities granted to LSHK which remains in force so long as the subsidiary has drawn down under the banking facilities. Under the guarantee, the Company is a party to the guarantee for all borrowings of subsidiary from the bank which is the beneficiary of the guarantee.

As at 31 December 2013, the directors of the Company do not consider it probable that a claim will be made against the Company under any of the guarantee. The maximum liability of the Company at the end of the reporting period under the guarantee issued is the outstanding amount of the facility drawn down by LSHK of approximately HK$7,920,000 (2012: HK$8,570,000). Fair value of the financial guarantee as at 31 December 2013, amounted to approximately nil (inception date 4 May 2012: HK$777,000) was arrived at on the basis of a valuation carried out by Grant Sherman, an independent qualified professional valuer not connected with the Group. During the year ended 31 December 2013, an amortisation on financial guarantee of approximately nil (2012: HK$753,000) has been recognised in the Company's profit or loss.

The carrying amount of the financial guarantee issued by the Company as at 31 December 2013 was approximately nil (2012: HK$259,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Company's principal activity continued to be investment holding whilst its subsidiaries are mainly engaged in properties investment, manufacturing and sale of life-like plants and securities investment.

For the year ended 31 December 2013, the turnover of the Group amounted to approximately HK$9,229,000. Loss attributable to shareholders has decreased to approximately HK$7,786,000 from approximately HK$10,901,000 recorded in last year. The decrease of loss for the year was mainly contributed by (i) an absence of the loss on written off of property, plant and equipment and inventories made in last year; (ii) an absence of the impairment loss recognised in respect of goodwill and property, plant and equipment made in last year; (iii) a reduction of gain on disposal of available-for-sale financial assets; and (iv) a reduction of gain on fair value changes of investment properties.

Properties Investment

The Group's properties investment business had contributed approximately HK$1,246,000 to the total revenue of the Group for the year ended 31 December 2013. The turnover has reduced by about HK$474,000 due to investment properties not fully occupied during the year. The imposition of stamp duties charges by HKSAR Government, such as buyers' stamp duty, special stamp duty and double stamp duty, during the year to curb speculation, the property market has started to cool down and show signs of stabilisation. The Group's investment properties were valued at approximately HK$95,900,000 as at 31 December 2013, which represented an increment of approximately HK$3,100,000 as compared to last year. It is expected that the revenue from the properties investment business would have a steady growth in the coming future.

Life-Like Plants Business

The life-like plants business had contributed approximately HK$7,983,000 to the total revenue of the Group for the year ended 31 December 2013. The turnover of the segment increased by approximately HK$1,143,000 when compared with last year. Uncertainties of the United States economy and the relapse of the European debt crisis have generated concerns over the global economies which are likely to influence the life-like plants business. It will be challenging in the forthcoming year for the Group's export to these regions. The Group will continue to closely monitor our business operations and enhance its product differentiation to maintain its competitiveness in the industry.

Securities Investment

As at 31 December 2013, the Group managed a portfolio of investments in capital market with fair value of approximately HK$43,178,000. The Group will be watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall asset quality.

PROSPECTS

The challenging market conditions will continue to affect the business environment, it is expected that the global market remains volatile in the forthcoming year. Therefore, it is important for the Group to carry on the businesses in a cautious pace.

The Group has undertaken a placing of shares during the year which further solid the working capital and financial position of the Group. The Group is also actively looking for new investment and business opportunities to deliver the greatest return to shareholders.

CAPITAL STRUCTURE

As at 31 December 2013, the Group has shareholders' equity of approximately HK$289,449,000 and the share capital of the Company had the following changes:

On 3 October 2013, 293,700,000 ordinary shares of par value HK$0.01 each were issued at the placing price of HK$0.086 per placing share.

INVESTMENT POSITION AND PLANNING

During the year ended 31 December 2013, the Group spent approximately HK$2,611,000 for acquisition of fixed assets.

The Group has invested in shares of certain companies that are traded over The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 December 2013, the Group has acquired and disposed of equity securities of a company listed on the Stock Exchange. As at 31 December 2013, the Group held long-term and short-term investments with fair value of approximately HK$42,105,000 and HK$1,073,000 respectively.

Saved as disclosed above, the Group did not have any other significant investment and there is no other material acquisition or disposal of subsidiaries and associated company during the year.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2013, the Group's bank deposits in the amount of approximately HK$136,000 (31 December 2012: approximately HK$1,161,000) had been pledged to banks for the requirement of the customs authorities of the PRC.

As at 31 December 2013, the Group has pledged land and buildings with net book value of approximately HK$13,237,000 (31 December 2012: approximately HK$13,752,000) to secure general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group has approximately 125 employees located in Hong Kong and the PRC. They are remunerated according to the nature of the job market trends, with build-in-merit components incorporated in annual review to reward and motivate individual performance.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the total shareholders fund of the Group amounted to approximately HK$289,449,000 (2012: HK$259,093,000), total assets of approximately HK$320,647,000 (2012: HK$289,020,000), current liabilities of approximately HK$22,741,000 (2012: HK$22,182,000) and non-current liabilities of approximately HK$8,457,000 (2012: HK$7,745,000).

The debt ratio (based on the total liabilities over the equity) of the Group decreased from the ratio of 0.12 as at 31 December 2012 to 0.11 as at 31 December 2013.

As at 31 December 2013, the Group has bank borrowing of approximately HK$7,920,000 which bears interest ranging from 1.375% to 2% per annum below prime rate or 2.5% per annum over 1 month Hong Kong Interbank Offered Rate, whichever is lower, and is repayable on demand. The Group also has a short-term interest-free loan of RMB1,200,000 (approximately HK$1,537,000) borrowed from an independent third party. The cash and bank balances of the Group at the end of the reporting period amounted to approximately HK$111,841,000. The gearing ratio, as a ratio of total borrowings over total assets was 0.03.

Foreign Exchange Exposure and Treasury Policies

The Group's business operation and investments are in Hong Kong and the PRC, most of the assets, liabilities and transactions of the Group are denominated in Hong Kong dollars and Renminbi. The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

FINAL DIVIDEND

The Board does not recommend to declare a dividend for the year ended 31 December 2013 at the forthcoming annual general meeting (2012: nil).

AUDIT COMMITTEE

The audit committee has three independent non-executive directors of the Company. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial report matters including a review of the audited consolidated financial statements for the year ended 31 December 2013.

CORPORATE GOVERNANCE CODE

The Board acknowledges the importance of the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing the shareholders' value and safeguarding interest of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasis an effective internal control and accountability to all shareholders.

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "CG Code") during the year under review, save for the deviation from code provisions A.2.1 and A.4.1 which are explained in the relevant paragraph in this announcement. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The company does not have any officer with the title of "chief executive officer". Mr. Yu Pak Yan, Peter, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. However, none of the existing independent non-executive directors of the Company is appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company, which stipulates that one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from the office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code in this respect.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by directors. Having made specific enquiry of the directors, the directors confirmed that they have complied with the code throughout the year ended 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

By order of the Board
Kong Sun Holdings Limited
Yu Pak Yan, Peter
Chairman

Hong Kong, 24 March 2014

As at the date of this announcement, the board of directors of the Company comprise 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.