

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following shareholders had interests, directly or indirectly, or short positions in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the shares of the Company

Name	Number of ordinary shares held	Percentage of issued share capital
Kong Fa	1,053,850,042	41.15
KSE	403,375,794	15.75

Save as disclosed above, as at 30 June 2003, the Company was not aware of any other person (other than the directors or chief executive of the Company) who had an interest, directly or indirectly, or short position in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors of the Company. The Audit Committee has reviewed with the Management the unaudited consolidated results for the six months ended 30 June 2003, corporate governance and internal control of the Group.

EMPLOYEES

The Group has a workforce of 43 staff. The Group employs and remunerates its staff based on their performance and experience. In addition to basic salary payments, staff members are covered by the Group's health and medical scheme, discretionary bonus, share option scheme, mandatory provident fund scheme and recreational activities. The Group will provide training and development to staff when necessary.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2003.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules ("Listing Rules") Governing The Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the period covered by this report, except the independent non-executive directors are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

APPRECIATION

Taking this opportunity, we would like to extend our gratitude to our shareholders for their support and to our staff for their dedication and contribution.

By Order of the Board
Kong Sun Holdings Limited
Kong Look Sen
Chairman and Managing Director

Hong Kong, 18 September 2003