

Chairman's Statement

On behalf of the Board of Directors, I hereby present to the shareholders the annual report of The Sun's Group Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31st December, 2002.

RESULTS

For the year ended 31st December, 2002, the Group's turnover was approximately HK\$19.9 million (2001: HK\$475.4 million), representing a decrease of approximately 95.8% from the last financial year. The consolidated loss attributable to shareholders amounted to approximately HK\$800.3 million for the year. The loss attributable to shareholders is principally attributable to provisions made for diminution in value of the Group's investment and development properties of approximately HK\$757 million.

The Directors do not recommend the payment of final dividend.

BUSINESS REVIEW

I am very pleased to take up the position of Chief Executive Officer of the Company, in addition to my capacity as the Chairman since 19th September, 2002. In May 2003, I have appointed a consultants team to oversee the Company's operation and developments. More information can be found under the section of Management Discussion and Analysis.

PROSPECTS

Despite the worldwide economic downturn, China is showing strong signs of economic expansion. Although property investment and development will remain as our core business, the Group will continue to look for new opportunities of investments particularly those that will benefit from the current economic growth in China. With the experience of our management team, and the support from our consultants' team, I am confident that the Group will prosper as soon as the current hardship is over, and will resume growth in both asset base and earnings.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to all resigning directors who have made great contributions to the Group. I would also like to express our sincere appreciation to the management and all our staff for their efforts and contribution during the year and to our business partners and our bankers for their continued support to the Company.

Wei Wu

Chairman

Hong Kong, 9th December, 2003