

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual results of Kong Sun Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2003. This is my first statement as Chairman after having been appointed to the position in July 2004 following the passing of our previous Chairman, Mr. Kong Look Sen. His death was unexpected and he would be sorely missed.

This has been one of the most difficult years of the Group. Conditions were already difficult when SARS dealt a further blow to many of our major markets. Although vigorous cost reduction programmes were implemented across the Group during the year, the final result showed a substantial increase in losses.

The Group's results for the year under review generally reflected the challenging conditions prevailing in the region. Due to the unfavorable business environment, the Group ceased the operations in the trading of computer products and office equipment, and information technology in late 2003 because of substantial losses incurred. A substantial loss was recorded by the Group on the disposal of its 80.1% interest in the property development project in Xicheng District of Beijing. In view of the Group's prudent management approach, provisions for certain receivables and investments had been provided. As a result, a net loss attributable to shareholders of approximately HK\$341,083,000 was reported for current year. Loss per share increased to 13.32 cents as compared to 5.84 cents in the previous year.

The main goal of the Group for the coming year will continue to pursue for new investment and business opportunities aiming for profitable and positive cash flow operations. On the other hand, the Group will strive to further strengthen and explore the growth potential of existing operations as when they arise. The purpose is to improve the Group's income and shareholders return.

Finally, I would like to take this opportunity to express my gratitude to the previous Chairman, Mr. Kong Look Sen, for his valuable contribution to the Group during his term of office. I also extend my sincere thanks to all our business partners, shareholders, directors and staff for their support and contribution to the Group during the past year. We look forward to a new and interesting year.

KONG LOK KING

Chairman and Managing Director

Hong Kong, 19 January 2005