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# **KONG SUN HOLDINGS LIMITED**

# **江山控股有限公司**

**(Stock code: 295)**

*(incorporated in Hong Kong with limited liability)*

## **DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003 AND INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004 AND DESPATCH OF ANNUAL REPORT AND INTERIM REPORT AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Company announces that the Directors (represented by their lawyers) appeared before the High Court on 2 September 2004 asking for an order to, inter alia, extend the time for the Company to lay before the 2003 annual general meeting of the Company the Annual Results under section 122 of the Companies Ordinance for six months (instead of three months as stated in the 30 June Announcement) until 31 December 2004. The High Court adjourned the said application indefinitely pending the Directors ascertaining the scheduled date of the release of the Annual Results.

The Company also announces that it has announced the Annual Results on 19 January 2005. The Directors has applied to the High Court on 20 January 2005 to restore the hearing of the said application. The High Court will fix a date for the said hearing on 24 January 2005. In the circumstances, the despatch of the Annual Report will also be delayed until the High Court makes an order in relation to the said application.

The Company will make further announcement(s) regarding the outcome of the said application and the date of despatch of the Annual Report.

The Company further announces that due to the delay in the publication of the Annual Results, the publication of the Interim Results will also be delayed from 30 September 2004 to on or before 28 February 2005. As a result, the despatch of the Interim Report will also be delayed to a date to be announced by the Company.

The delay in publication of the Annual Results and the Interim Results and the despatch of the Annual Report and the Interim Report constitute breaches of Rules 13.49(1) and 13.49(6) and 13.46(1) and 13.48(1) of the Listing Rules by the Company, respectively. In addition, note 2 of Rule 13.46(b) notes that section 122 of the Companies Ordinance requires the annual accounts of a Hong Kong issuer which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. The Stock Exchange reserves its rights to take further action against the Company and the Directors for such breaches.

The Company also announces that Mr. Chan Shing Hoi Alfred has been appointed as an independent non-executive Director and a member of the audit committee of the Company with effect from 10 January 2005. Details of Mr. Chan's appointment are set out below.

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 June 2004 at the request of the Company, and will continue to be suspended pending the release of an announcement in respect of certain transactions involving the Group and are discloseable under the current Listing Rules and the Listing Rules in effect immediately prior to 31 March 2004.

**Shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company.**

#### **Delay in publication of the Annual Results and despatch of Annual Report**

The Company refers to the 30 June Announcement in which it announced that the publication of the Annual Results would be delayed to 10 September 2004. Terms defined in the said announcement shall have the same meanings when used in this announcement unless the context otherwise requires.

Under the Company's articles of association of the Company, it is required to hold its annual general meetings in accordance with the requirements of the Company Ordinance.

Section 111 of the Companies Ordinance requires that not more than 15 months shall elapse between the date of one annual general meeting of the Company and the next. The last annual general meeting of the Company was held on 30 June 2003 and the Company should have held a annual general meeting on or before 30 September 2004 in accordance with section 111 of the Companies Ordinance.

However, as stated in the 30 June Announcement, section 122 of the Companies Ordinance also requires the Directors to lay its annual general meeting a profit and loss account of the Company made up to a date falling not more than 6 months before the date of the said meeting.

Since the Annual Results reflect the profit and loss of the Group for the financial year ended of the Group for the financial year ended 31 December 2003, the latest date the Company needed to hold its 2003 annual general meeting was 30 June 2004 if sections 111 and 122 of the Companies Ordinance were to be complied with.

The Company announces that the Directors (represented by their lawyers) appeared before the High Court on 2 September 2004 asking for an order under section 122 of the Companies Ordinance to, inter alia, extend the time from 30 June 2004 for the Company to lay before the 2003 annual general meeting of the Company the Annual Results for six months (instead of three months as stated in the 30 June Announcement) until 31 December 2004. The High Court adjourned the said application indefinitely pending the Directors ascertaining the scheduled date of the release of the Annual Results.

The Company also announces that it has announced the Annual Results on 19 January 2005. The Directors has applied to the High Court on 20 January 2005 to restore the hearing in respect of the extension of the time for the Company to lay before the 2003 annual general meeting of the Company the Annual Results under section 122 of the Companies Ordinance for eight months until 28 February 2005. The High Court will fix a date for the said hearing on 24 January 2005. In the circumstances, the despatch of the Annual Report will also be delayed until the High Court makes an order in relation to the said application.

The reasons for the delay in the release of the Annual Results were that:

- (a) the associated companies of the Group engaging in property development business in Malaysia, whose auditors are not the Company's existing auditors, did not issue their respective audited accounts until the end of November 2004, and therefore the Company's auditors required more time to clear certain audit queries with the associated companies' auditors; and
- (b) the Company required more time to obtain legal advice from its Hong Kong and overseas legal advisers in respect of certain legal issues in respect of the outstanding litigations, totalling approximately HK\$37 million, initiated by various creditors against the Group.

The above matters have been resolved just recently.

The Company will make further announcement(s) regarding the outcome of the said application and the date of despatch of the Annual Report.

#### **Delay in publication of the Interim Results and despatch of the Interim Report**

Pursuant to Rule 13.49 of the Listing Rules, the Company is required to publish the Interim Results not later than three months after the end of the first six months of its financial year on 30 June 2004. Further, the Company is required under Rule 13.48 of the Listing Rules to despatch to the shareholders the Interim Report not later than three months after such six-month period. The Company announces that due to the delay in the publication of the Annual Results, the publication of the Interim Results could not be made on 30 September 2004 and will be delayed to on or before 28 February 2005.

The Company will make further announcement(s) regarding the date of despatch of the Interim Report.

## **Breaches of the Listing Rules**

The delay in publication of the Annual Results and the Interim Results and the despatch of the Annual Report and the Interim Report constitute breaches of Rules 13.49(1) and 13.49(6) and 13.46(1) and 13.48(1) of the Listing Rules by the Company, respectively. In addition, note 2 of Rule 13.46(b) notes that section 122 of the Companies Ordinance requires the annual accounts of a Hong Kong issuer which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. The Stock Exchange reserves its rights to take further action against the Company and the Directors for such breaches.

## **Appointment of independent non-executive Director**

The Company also announces that Mr. Chan Shing Hoi Alfred has been appointed as an independent non-executive Director and a member of the audit committee of the Company with effect from 10 January 2005.

Mr. Chan, aged 53, is currently the director of finance of a private company. He has over 30 years of experience in accounting and banking. He obtained a master degree in professional accounting from the University of Western Sydney, Nepean, New South Wales, Australia and a master degree in finance from the City University of Hong Kong. He is an associate member of the Institute of Chartered Secretaries and Administrators of the United Kingdom, The Hong Kong Institute of Company Secretaries and Australian Society of CPAs. He is also a member of the Hong Kong Securities Institute.

Mr. Chan was employed by the Company as the financial controller from 1 April 2001 to 16 January 2002. Save as disclosed above, he has not held any position with the Company, any of its subsidiaries or associated companies. He has not held any directorship in listed public companies in the last three years prior to the date of this announcement.

Mr. Chan does not have any relationship with any other Directors, senior management or substantial or controlling shareholder of the Company. As at the date of this announcement, Mr. Chan does not have any interest in shares of the Company within the meaning of Part XV of the Securities and futures Ordinance.

Mr. Chan has entered into a service agreement with the Company for a term of two years but will be subject to retirement by rotation and election at annual general meetings in accordance with the articles of association of the Company. Mr. Chan is entitled to a director fee of HK\$20,000 per month. His director fee is determined with reference to his experience and duties as well as the prevailing market conditions.

Save as disclosed in this announcement, the Board is not aware of any other matters that it considers necessary to be brought to the attention of the shareholders of the Company in relation to the appointment of Mr. Chan.

The Board takes this opportunity to welcome Mr. Chan joining it.

## **General**

The Directors confirm that they have not dealt in the securities of the Company since 30 March 2004 and they will not deal in the securities of the Company until the Interim Results are announced.

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 June 2004 at the request of the Company, and will continue to be suspended pending the release of an announcement in respect of certain transactions involving the Group and are discloseable under the current Listing Rules and the Listing Rules in effect immediately prior to 31 March 2004.

**Shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company.**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

|                               |   |
|-------------------------------|---|
| <b>“30 June Announcement”</b> | the announcement of the Company dated 30 June 2004  |
| <b>“Annual Report”</b>        | the annual report of the Company for the financial year ended 31 December 2003  |
| <b>“Annual Results”</b>       | the consolidated annual results of the Company for the financial year ended 31 December 2003  |
| <b>“Company”</b>              | Kong Sun Holdings Limited, a limited company incorporated under the Companies Ordinance whose shares are listed on the Stock Exchange |
| <b>“Interim Report”</b>       | the interim report of the Company for the six months ended 30 June 2004   |
| <b>“Interim Results”</b>      | the unaudited interim results of Company for the six months ended 30 June 2004  |

The Board as at the date hereof comprises:

|   |   |
|---|---|
| Kong Lok King ( <i>Chairman and Managing Director</i> ) | Ku Suen Fai ( <i>Independent non-executive Director</i> )           |
| Kong Li Jer ( <i>Executive Director</i> )               | Fai Cheong Hau ( <i>Independent non-executive Director</i> )        |
| Kong Li Szu ( <i>Executive Director</i> )               | Chan Shing Hoi Alfred ( <i>Independent non-executive Director</i> ) |

By Order of the Board  
**Kong Lok King**  
*Chairman and Managing Director*

Hong Kong, 21 January 2005

Please also refer to the published version of this announcement in The Standard dated 24 January 2005.