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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 295)

ANNOUNCEMENT

Delay in publication of audited financial results and despatch of annual report for the financial year ended 31st December, 2003 Change of Company Secretary Proposed Major Transaction and Possible Transaction

The Board announces that publication of Audited Financial Results is expected to be delayed to around 30th June, 2004 and despatch of the Annual Report to around 7th July, 2004. The delay in publication of the Audited Financial Results and the delay in despatch of the Annual Report constitute breaches of Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively. In this regard, the Stock Exchange has indicated that it reserves the right to take appropriate action against the Company and/or the Directors. The delays do not constitute any breach of the articles of association of the Company but may constitute a potential breach of Section 122 of the Companies Ordinance in the event that the Audited Financial Results will be published on or after 30th June, 2004 and the Annual Report will be despatched on or after 7th July, 2004.

The Board further announces that Ms. Mak Tak Ping has resigned as Company Secretary with effect from 9th March, 2004, and that on 19th April, 2004, the Company appointed Mr. Keung Siu Fai as Company Secretary.

The Directors confirmed and have undertaken to the Company and the Stock Exchange that they have not since 30th March, 2004 and will not deal in the securities of the Company until the Audited Financial Results are announced.

The shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.

The shares of the Company have since 9:30 a.m. on 15th April, 2004 been suspended from trading on the Stock Exchange. The Company has made an application to the Stock Exchange to resume trading of its shares on the Stock Exchange from 9:30 a.m. on 7th May, 2004.

Kong Sun Holdings Limited (the “**Company**”) is required to publish the audited financial results of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31st December, 2003 (the “**Audited Financial Results**”) and to despatch its annual report for the year ended 31st December, 2003 (the “**Annual Report**”) by 30th April, 2004 under Rules 13.49(1) and 13.46(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), respectively.

The Company issues this announcement to inform its shareholders that publication of the Audited Financial Results will be delayed to around 30th June, 2004 and despatch of the Annual Report to around 7th July, 2004 as the Company takes more time than was originally expected to finalise its financial statements for the audit of the financial results of the Group for the financial year ended 31st December, 2003. The delay of the finalisation of the financial statements is caused by resignation of the Group's financial controller and an assistant accountant in February 2004 due to their respective personal reasons. The responsibilities of the financial controller and the assistant accountant have been taken over by the remaining two assistant accounting managers and an assistant accountant of the Group. The board of directors of the Company (the “**Board**”) confirms that (i) apart from causing the delay of the finalisation of the financial statements, the resignations have no other material impact on the Group's operations and (ii) there is no other matter that needs to be brought to the attention of the Company's shareholders for the resignations.

The delay in publication of the Audited Financial Results and the delay in despatch of the Annual Report constitute breaches of Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively. In this regard, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has indicated that it reserves the right to take appropriate action against the Company and/or the directors of the Company (the “**Directors**”). The delays do not constitute any breach of the articles of association of the Company but may constitute a potential breach of Section 122 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong Special Administrative Region) (the “**Companies Ordinance**”) in the event that the Annual Financial Results will be published on or after 30th June, 2004 and the Annual Report will be despatched on or after 7th July, 2004.

The Board further announces that Ms. Mak Tak Ping has resigned as Company Secretary with effect from 9th March, 2004 due to a dispute of her salary between herself and the Company. The Board confirms that Ms. Mak’s resignation has no material impact on the Group’s operations and there is no other matter that needs to be brought to the attention of its shareholders for her resignation. On 19th April, 2004, the Company appointed Mr. Keung Siu Fai as Company Secretary. Mr. Keung is a Certified Practising Accountant of CPA Australia and an associate of the Hong Kong Society of Accountants, and has the requisite knowledge and experience to discharge the functions of secretary of the Company.

The Directors further confirmed and have undertaken to the Company and the Stock Exchange that they have not since 30th March, 2004 and will not deal in the securities of the Company until the Audited Financial Results are announced.

The shares of the Company have since 9:30 a.m. on 15th April, 2004 been suspended from trading on the Stock Exchange pending for release of an announcement in respect of a major transaction of the Company (the “**Proposed Major Transaction**”).

The Proposed Major Transaction relates to the non-legally binding memorandum of understanding (the “**MOU**”) entered into between the Company and an independent third party (the “**Investor**”) on 14th February, 2004 as announced by the Company on 20th February, 2004. Under the MOU, the Investor intended to transfer a property investment project in the People’s Republic of China (the “**PRC**”) to the Company (and/or its subsidiaries) in consideration of the issue and allotment of new shares of HK\$0.10 each by the Company.

The Company originally intended to finalise and enter into an agreement for the Proposed Major Transaction (the “**Agreement**”) on 15th April, 2004. The Company therefore requested for suspension of trading in its shares with effect from 9:30 a.m. on 15th April, 2004. Whilst finalising the Agreement, the Company has found that another transaction with another independent third party, if materialised, would affect the Group’s interest in one of its property development projects and constitute a major or very substantial transaction of the Company (the “**Possible Transaction**”), might have occurred. The Investor needs detailed information regarding the Possible Transaction to access its possible impacts to the Company, and the Company is still in the process of gathering such detailed information. Accordingly, the Company and the Investor have not signed the Agreement as at the date of this announcement.

The Possible Transaction might involve a possible substantial reduction of the Company’s equity interest in a non-wholly owned subsidiary holding a major property development property in the PRC (the “**Equity Interest**”). The remaining equity interest in the non-wholly owned subsidiary is owned by a local company in the PRC (the “**Local Company**”) to which the Company has given its authorisation empowering the Local Company to reduce the Equity Interest. The Company has found that the Local Company has, without informing the Company, relied on the authorisation empowered by the Company and signed an agreement to dispose of the Equity Interest to an independent third party. The Company has taken immediate steps in the PRC to ascertain detailed information regarding the Possible Transaction from the Local Company and to negotiate with the Local Company with a view to protect the Equity Interest. The Company is also in the process of seeking advice on the Possible Transaction from its professional advisers. The Company expects that it would be able to ascertain the detailed information within the next three weeks.

The Company will issue further announcement(s) on the progress of the Proposed Major Transaction and the Possible Transaction accordance with the Listing Rules.

The shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.

As mentioned above, the shares of the Company have been suspended from trading on the Stock Exchange since 9:30 a.m. on 15th April, 2004. The Company has made an application to the Stock Exchange to resume trading of its shares on the Stock Exchange from 9:30 a.m. on 7th May, 2004.

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

The Board as at the date hereof comprises of:

Kong Look Sen (*Chairman and Managing Director*)

Kong Li Jer (*Executive Director*)

Kong Li Szu (*Executive Director*)

Hong Kong, 6th May, 2004

Ku Suen Fai (*Independent non-executive Director*)

Fai Cheong Hau (*Independent non-executive Director*)

Please also refer to the published version of this announcement in The Standard dated 7 May 2004.