KONG SUN HOLDINGS LIMITED
江山控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 295)

2008 RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Kong Sun Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 with comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Turnover		**–**	–
Other revenue	5	**2,011**	1,744
Discount on acquisition of subsidiaries		**49,820**	–
Fair value change of convertible bonds		**53,800**	–
Share of results of associates		**(1,999)**	(303)
Impairment loss recognised in respect of available-for-sale investment		**–**	(6,537)
Impairment loss recognised in respect of interests in associates		**(91,020)**	–
Impairment loss recognised in respect of loan receivables		**(39,510)**	–
Employee benefit expenses		**(1,114)**	(1,004)
Other operating expenses		**(7,097)**	(6,159)
Finance costs	6	**(8,119)**	(5,705)
Loss before tax		**(43,228)**	(17,964)
Income tax credit	7	**–**	48
Loss for the year	8	**(43,228)**	(17,916)
Attributable to:			
Equity holders of the Company		**(43,227)**	(17,915)
Minority interests		**(1)**	(1)
		(43,228)	(17,916)
Loss per share	10		
Basic		**HK(1.68) cents**	HK(0.70) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties		**45,000**	–
Property, plant and equipment		**35,438**	–
Prepaid lease payments		**15,367**	–
Interests in associates		**–**	91,605
Available-for-sale investment		**–**	–
		95,805	91,605
Current assets			
Inventories	*11*	**17,832**	–
Trade and bills receivables	*12*	**14,629**	–
Other receivables		**735**	714
Prepaid lease payments		**473**	–
Loan and interest receivables		**–**	39,510
Consideration receivables		**–**	–
Pledged deposits		**6,809**	42
Bank balances and cash		**78,202**	953
		118,680	41,219
Current liabilities			
Trade and other payables	*13*	**38,717**	23,515
Other borrowings		**4,784**	4,570
Tax liabilities		**356**	–
Convertible bonds designated at financial liabilities at fair value through profit or loss		**87,200**	–
Promissory notes		**12,818**	–
		143,875	28,085
Net current (liabilities) asset		**(25,195)**	13,134
Total assets less current liabilities		**70,610**	104,739
Non-current liabilities			
Other payables		**–**	11,761
Other borrowings		**–**	37,639
Deferred tax liabilities		**11,200**	–
Convertible bonds designated at financial liabilities at fair value through profit or loss		**8,000**	–
Promissory notes		**21,252**	–
		40,452	49,400
Net assets		**30,158**	55,339
Capital and reserves			
Share capital		**320,116**	256,116
Reserves		**(289,969)**	(200,789)
Equity attributable to equity holders of the Company		**30,147**	55,327
Minority interests		**11**	12
Total equity		**30,158**	55,339

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis notwithstanding the consolidated net current liabilities of approximately HK$25,195,000 as at 31 December 2008 and the loss of approximately HK$43,228,000 for the year then ended. In the opinion of the directors, the Group should be able to maintain itself as a going concern in the coming year by taking into consideration the proposed arrangements which include, but are not limited to, the following:

(a) Subsequent to the balance sheet date, on 5 January 2009, convertible bonds in the principal amount of HK$22,100,000, which has been classified as current liabilities in the consolidated balance sheet as at 31 December 2008 with a fair value of approximately HK$17,680,000, has been converted into 884,000,000 shares of the Company upon the partial conversion of the convertible bonds. The directors of the Company are in the opinion that the conversion has significantly reduced the Group's liabilities; and

(b) The directors anticipate that the Group will generate positive cash flows from its businesses.

On the basis that the convertible bonds of the Company has been partially converted subsequent to the balance sheet date and the implementation of other measures with a view to improve its working capital position and net financial position, the directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2008. Accordingly, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("Int") 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, which are effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 July 2009.
[4] Effective for annual periods beginning on or after 1 July 2008.
[5] Effective for annual periods beginning on or after 1 October 2008.
[6] Effective for transfer of assets from customers received on or after 1 July 2009.
[7] Effective for annual periods ending on or after 30 June 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

4. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting segment format because this is more relevant to the Group's internal financial reporting.

Business segments

For the year ended 31 December

	Property investment and development		Financial services		Manufacturing and sales of life-like plants		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Segment result	**(501)**	(679)	**–**	–	**–**	–	**(501)**	(679)
Discount on acquisition of subsidiaries	**18,162**	–	**–**	–	**31,658**	–	**49,820**	–
Impairment loss recognised in respect of interests in associates	**(91,020)**	–	**–**	–	**–**	–	**(91,020)**	–
Impairment loss recognised in respect of loan receivables	**–**	–	**(39,510)**	–	**–**	–	**(39,510)**	–
Impairment loss recognised in respect of available-for-sale investment	**–**	(6,537)	**–**	–	**–**	–	**–**	(6,537)
Fair value change of convertible bonds							**53,800**	–
Unallocated corporate operating income							**2,011**	1,744
Unallocated corporate operating expenses							**(7,710)**	(6,484)
							(33,110)	(11,956)
Finance costs							**(8,119)**	(5,705)
Share of results of associates	**(1,999)**	(303)	**–**	–	**–**	–	**(1,999)**	(303)
Loss before tax							**(43,228)**	(17,964)
Income tax credit							**–**	48
Loss for the year							**(43,228)**	(17,916)

	Property investment and development		Financial services		Manufacturing and sales of life-like plants		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
As at 31 December								
Assets and liabilities								
Segment assets	**45,715**	438	**1**	39,512	**104,953**	–	**150,669**	39,950
Interests in associates	**–**	91,605	**–**	–	**–**	–	**–**	91,605
	45,715	92,043	**1**	39,512	**104,953**	–	**150,669**	131,555
Unallocated corporate assets							**63,816**	1,269
Total assets							**214,485**	132,824
Segment liabilities	**16,825**	11,268	**19**	19	**20,548**	–	**37,392**	11,287
Unallocated corporate liabilities							**146,935**	66,198
Total liabilities							**184,327**	77,485
For the year ended 31 December								
Other information								
Capital expenditure through acquisition of subsidiaries	**45,491**	–	**–**	–	**50,787**	–	**96,278**	–
Payables waived by the creditors	**–**	(1,730)	**–**	–	**–**	–	**–**	(1,730)
Impairment loss recognised in respect of available-for-sale investment	**–**	6,537	**–**	–	**–**	–	**–**	6,537
Impairment loss recognised (reversed) in respect of other receivables	**390**	(14)	**–**	–	**–**	–	**390**	(14)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	PRC		Hong Kong		Malaysia		Singapore		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
As at 31 December										
Segment assets	**25,568**	–	**175,222**	25,540	**13,670**	107,284	**25**	–	**214,485**	132,824
For the year ended 31 December										
Segment Revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Capital expenditure through acquisition of subsidiaries	**49,998**	–	**46,280**	–	**–**	–	**–**	–	**96,278**	–

5. OTHER REVENUE

	2008	2007
	HK$'000	*HK$'000*
Payables waived by the creditors	**–**	1,730
Impairment loss reversed in respect of other receivable	**–**	14
Sundry income	**2,011**	–
	2,011	1,744

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on other borrowings wholly repayable within five years	**7,931**	5,701
Imputed interest expense on promissory notes	**188**	–
Interest on finance leases	**–**	4
	8,119	5,705

7. INCOME TAX CREDIT

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax – overprovision in prior years	**–**	48

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits in Hong Kong for the two years ended 31 December 2008 and 2007.

No provision for overseas taxation has been made as the overseas subsidiaries have no assessable profits arising from their jurisdictions for the two years ended 31 December 2008 and 2007.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Contributions to the retirement benefit scheme (including director's contribution)	**–**	–
Auditors' remuneration	**653**	661
Convertible bonds issue expenses	**3,125**	–
Impairment loss recognised in respect of other receivable	**390**	–
Operating lease rental on rented premises	**208**	234

9. DIVIDEND

No dividend was paid or proposed during the two years ended 31 December 2008 and 2007, nor has any dividend been proposed since the balance sheet date.

10. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the loss for the year attributable to equity holders of the Company of approximately HK$43,227,000 (2007: HK$17,915,000) and the weighted average number of 2,576,947,743 (2007: 2,561,167,000) ordinary shares in issue during the year.

Diluted loss per share for the year ended 31 December 2008 has not be presented as the effect of any dilution is anti-dilutive. No diluted loss per share has been presented for the year ended 31 December 2007 as there was no diluting events existed during the year.

11. INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw Materials	**15,602**	–
Work in Progress	**1,930**	–
Finished goods	**300**	–
	17,832	–

12. TRADE AND BILLS RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**9,946**	–
Bill receivables	**4,683**	–
	14,629	–

The aging analysis of trade and bills receivables as at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
1-30 Days	**4,131**	–
31-90 Days	**2,580**	–
91-180 Days	**7,875**	–
181-360 Days	**8**	–
1-2 years	**30**	–
Over 2 years	**5**	14,937
	14,629	14,937
Less: Impairment loss recognised	**–**	(14,937)
	14,629	–

The Group allows a credit period normally ranging from 0 day to 90 days to its trade customers.

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable with the following aging analysis as at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
1-30 Days	**2,388**	–
31-90 Days	**434**	–
91-180 Days	**9,075**	–
181-360 Days	**–**	–
Over 1 year	**4,364**	4,564
	16,261	4,564

Included in trade payables are amounts of approximately MYR1,722,000, equivalent to HK$3,827,000 (2007: MYR1,834,000, equivalent to HK$4,077,000) which are denominated in MYR.

14. LITIGATION

(a) Mr. Cheung Yik Wang

On 3 November 2003, an action was commenced by Mr. Cheung Yik Wang ("CYW"), who claims himself as an investor of Easternet Limited which owns 46% of Xswim (Holding) Limited ("Xswim Holding") which is a 54% owned subsidiary of the Company, against Mr. Kong as 1st defendant, the Company's director, and the Company as 2nd defendant for recovering a sum of HK$11,600,000 together with interest and costs in connection with a cheque issued on 20 December 2002 by the Company to CYW which was dishonoured upon presentation for payment. It was alleged that the cheque was issued by the Company as a guarantee for payment of a cheque issued by Mr. Kong. A defence was filed by the Company on 19 January 2004. CYW also filed a reply to defence on 17 February 2004. Up to the date of this announcement, this action is still in progress and no hearing date has been fixed.

In the opinion of the directors, in 2002, Xswim Holding, a non-wholly owned subsidiary of the Company, and its subsidiaries ("Xswim Group") advanced the Company an aggregate of approximately HK$15,241,000. In 2002, the Company repaid Xswim Group HK$5,600,000 leaving a balance of approximately HK$9,641,000 outstanding (the "Outstanding Balance") and requested CYW to advance HK$2,000,000 (the "Intended Loan") to the Company. As a result, the Company and Mr. Kong respectively issued on 20 December 2002 a cheque with an amount of HK$11,600,000 each payable to CYW as securities for the Outstanding Balance and the Intended Loan, although CYW has never advanced the Intended Loan to the Company. The Company repaid in full the Outstanding Balance to Xswim Group in 2003. Upon the full repayment of the Outstanding Balance in 2003, in the opinion of the directors, the Company no longer had legal or financial obligations to pay CYW and thus refused to present the cheque previously issued to CYW in 2003. As at 31 December 2008, with the advices by the Company's legal adviser, the directors are of the opinion that the Group has proper and valid defences to the CYW's action and accordingly, no provision for loss has been accounted for in these financial statements.

(b) Ex-landlord

On 30 March 2004, an action was commenced by the landlord of the office premises of the Group (the "Ex-landlord") against Pacpo Hong Kong Limited ("Pacpo Hong Kong"), a wholly owned subsidiary of the Company, for overdue rental, building management and miscellaneous fees, together with arrears of rental up to the date of delivery of vacant possession of the said office premises, interests, cost and/or other relief of approximately HK$207,000. This case was heard by The High Court of The Hong Kong Special Administrative Region on 21 June 2004 and judgement was issued in favour of the Ex-landlord. Accordingly, the Group is liable to pay the Ex-landlord approximately HK$712,000. However, the Group only settled approximately HK$226,000 in aggregate to the Ex-landlord. In December 2004, the Group and the Ex-landlord entered into a settlement arrangement, under which the Group agrees to pay the outstanding debts of approximately HK$486,000 by 14 monthly instalments, the first of which is to be paid in January 2005. In the meantime, the landlord shall withhold any action to enforce the judgement. However, the Group has defaulted the settlement of the aforesaid amount.

By a Consent Order dated 20 February 2009, the Ex-landlord agreed to accept the sum of approximately HK$474,000 in full and final settlement of the Order dated 21 June 2004 of Master Levy in High Court and discharged Pacpo Hong Kong from all further liabilities. The amount has been subsequently settled in March 2009.

(c) Koffman Securities

On 13 May 2004, an action was commenced by Koffman Securities Limited ("Koffman Securities") against Kong Sun Resources Limited ("Kong Sun Resources"), as 1st defendant, a wholly owned subsidiary of the Company, and the Company's director, Mr. Kong, as 2nd defendant, for specific performance of an option to repurchase certain investment properties (the "Premises") of the Group. The Premises was previously sold to the Group in 2002 for a consideration of HK$21,000,000 by Koffman Securities satisfied by the issuance of 56,000,000 ordinary shares of the Company (the "Consideration Shares") the Premises, which was subsequently disposed of by the Group in 2005. It is alleged that Kong Sun Resources and Mr. Kong gave an oral guarantee that:

(i) Kong Sun Resources would make good and pay to Koffman Securities of those Consideration Shares sold at a market price not less than HK$0.375 per share in the period of thirty six months commencing from 10 June 2002 so that Koffman Securities would receive not less than HK$0.375 per Consideration Share; and

(ii) Kong Sun Resources granted Koffman Securities an option to repurchase the Premises for a consideration of HK$21,000,000 at any time within a period of five years commencing from 10 May 2002, as security for the due and punctual performance of the alleged obligation mentioned in (i) above.

Koffman Securities claimed (i) against Kong Sun Resources to transfer the Premises to Koffman Securities for a consideration of HK$21,000,000 or such consideration as the court may determine, and (ii) against Kong Sun Resources and Mr. Kong the sum of approximately HK$12,889,000 being the total amount of outstanding differences in the price of the Consideration Shares disposed of and the alleged oral guarantee amount of HK$0.375 per Consideration Share together with damages, interest, cost and/or other relief.

By a Consent Order dated 24 September 2008, Koffman Securities dismissed its claims against Mr. Kong and Kong Sun Resources with no order as to costs.

15. CONTINGENT LIABILITIES

Champ Capital Limited

Pursuant to an exclusive franchisee agreement dated 1 January 2003 (the "Franchisee Agreement") entered into between Xswim Technology, a non-wholly owned subsidiary of the Company, and Champ Capital Limited (the "Franchisee"), Xswim Technology granted the Franchisee an exclusive right to trade the computer products and office equipment of Xswim Technology in Guangdong Province and Beijing, the PRC, for a period from 1 January 2003 to 1 April 2007. In addition, Xswim Technology agreed to buy back the underlying franchise licence for HK$15,000,000 upon termination of the Agreement, both in the case of normal or early termination, and to spend HK$1,000,000 as merchandising assistance in promoting the products of Xswim Technology.

As the Franchisee had breached the Agreement to perform its duty, inter alia, to trade the products of Xswim Technology in Guangdong Province and Beijing, the PRC, Xswim Technology had terminated the Franchisee Agreement with effect from 28 November 2003. Although there were no clauses stipulated in the Franchisee Agreement that the breach would discharge the obligations of Xswim Technology to buy back the franchise licence and to pay the merchandising assistance, the directors are of the opinion that the Group had no legal or financial obligations to buy back the franchise licence and to pay the merchandising assistance when the Franchisee failed to discharge its obligation by, inter alia, trading the products of Xswim Technology in Guangdong Province and Beijing, the PRC. No action has been taken by the Franchisee in respect of the abovementioned clause up to the date of this announcement.

With the advices by the Company's external legal adviser, the directors are of the opinion that the Franchisee would not be entitled or able to (i) exercise the option to resell the underlying franchise licence to the Group, or (ii) demand the Group payment of the merchandising assistance in promoting the products of Xswim Technology, on the ground that the Franchisee Agreement was likely to be void and not enforceable by the courts of Hong Kong, at which the Franchisee Agreement was construed. Accordingly, no provision for commitment or loss for the franchise licence and merchandising assistance has been accounted for in these financial statements.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

In the independent auditors' report, the auditor has included the following paragraph in the auditor's opinion to draw the shareholders' attention:

Basis for qualified opinion

Our report on the financial statements of the Group for the year ended 31 December 2007 was qualified in view of the limitations on the scope on certain consideration receivables.

Any adjustments found to be necessary to the opening balances as at 1 January 2008 may affect the comparative figures in respect of the net assets of the Group as at 31 December 2007 and the results and cash flows and the related disclosures in the notes to the financial statements of the Company and the Group for the year ended 31 December 2007 may not be comparable with the figures for the current year.

Qualified opinion arising from limitation of audit scope for the corresponding figures

In our opinion, except for the effects of such adjustments on the opening balances that might have been found to be necessary had we been able to satisfy ourselves as to the matters described in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the state of the Group and the Company's affairs as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that as of 31 December 2008 the Group had net current liabilities of approximately HK$25,195,000 and incurred loss of approximately HK$43,228,000 for the year then ended. These conditions, along with other matters as set forth in Note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations

The Company's principal activity continued to be investment holding whilst its subsidiaries are mainly engaged in property investment and development, manufacture and sales of life-like plants and provision for financial services.

With the arrival of the worldwide financial crisis in October 2008, the Group has experienced another difficult year in 2008. The results under review generally reflected the situation. Loss attributable to shareholders has been broadened to approximately HK$43,228,000 as compared to approximately HK$17,916,000 recorded in last year. Improving the financial condition of the Group becomes the primary target of the management in the coming year.

Property

The Group's property development and investment business, comprising commercial and residential projects in Hong Kong and Malaysia. The newly acquired businesses at the end of the year, which has not yet made any contribution to the results of the Group, and the lingering development progress in Malaysia has resulted in the poor performance of the Group.

Other investment opportunities

Notwithstanding the continued deficit in our operating results, the Group has already strengthened its capital base by the issue of convertible notes by the end of the year and has already diversified its investment in manufacturing business as well as real estate markets and properties development in Hong Kong and Middle Asia. All these assist to form a better foundation to improve the Group's performance in the future.

Financial Review

As at 31 December 2008, the total shareholders fund of the Group amounted to approximately HK$30.16 million, compared to approximately HK$55.34 million as at 31 December 2007. The debt ratio (based on the sum of current liability and long-term liability over the equity) of the Group as at 31 December 2008 was 6.1 while the ratio as at 31 December 2007 was 1.4.

The Group's business operation and investment are in Hong Kong, the PRC and Malaysia and its revenue and expenditure were mainly denominated in in HKD, RMB, and MYR.

Prospects

The Group has completed the issue of convertible notes, the acquisition of the manufacturing of life-like plants business and the real estate investment in Hong Kong by the end of 2008. Since all the new businesses have not made any contribution to the results of the Group during the year ended 31 December 2008, the operating income of the Group continues to shrink. Focus for the year will be to synchronize the Group's newly acquired businesses and provide synergy to the Group's existing business. Given the enlarged capital base and the injection of new businesses into the Group, it is believed that shareholders' return and the assets base of the Group will be elevated and strengthened. The Company will keep on looking for businesses and projects with good potential and return in the future.

FINAL DIVIDEND

The Board does not recommend to declare a dividend for the year ended 31 December 2008 at the forthcoming annual general meeting (2007 : Nil).

SHARE OPTION SCHEME

The Company adopted a new share option scheme on 30 June 2003. No options under the new share option scheme have been granted to any person since its adoption.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2008, the Group had total assets of approximately HK$214,485,000 which were financed by current liabilities of approximately HK$143,875,000, non-current liabilities of approximately HK$40,452,000, minority interests of approximately HK$11,000 and shareholders' equity of approximately HK$30,147,000.

CHARGE ON THE GROUP ASSETS

As at 31 December 2008, certain of the Group's pledged deposit amounting to approximately HK$5,604,000 (2007: nil) has been pledged to secure an undrawn facility. An amount of approximately HK$1,165,000 (2007: nil) bank deposit has been pledged to the PRC customs authorities. In addition, bank deposit amounting to approximately HK$40,000 (2007: HK$42,000) has been pledged for issuance of a guarantee letter for constructions.

CAPITAL STRUCTURE

As at 31 December 2008, the Company had approximately 3,201 million shares in issue with total shareholders' fund of the Group amounting to approximately HK$30.16 million.

By the approval of the extraordinary general meeting held on 17 January 2008, the authorized share capital of the Company was increased from HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each to HK$4,000,000,000 divided into 40,000,000,000 shares by the creation of an additional 3,600,000,000 unissued shares of HK$0.10 each. 640 million of shares have been issued upon conversion from the convertible bonds issued during the year.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2008, the Group had a total of 4 staffs in Hong Kong and Malaysia. They are remunerated according to the nature of the job market trends, with built-in merit components incorporated in annual review and motivate individual performance.

AUDIT COMMITTEE

The Audit Committee has three independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial report matters including a review of the audited financial statements for the year ended 31 December 2008.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

During the year ended 31 December 2008, the Group does not have material disposals of investments but have incurred the following acquisitions:

Acquisition of FT Group

On 19 May 2007, Eternal Gain Investments Limited ("Eternal Gain"), a wholly owned subsidiary of the Company, the Company and Brightpower Assets Management Limited ("Brightpower"), an independent third party, entered into a sale and purchase agreement (the "FT Agreement") whereby Eternal Gain would acquire from Brightpower the entire issued share capital of two companies, namely FT Far East Limited ("FTFE") and FT China Limited (collectively refer to as the "FT Group"), held by Brightpower for an aggregate consideration of HK$1.

Upon the completion of the FT Agreement in 16 December 2008, Brightpower had assigned to Eternal Gain all benefits and rights in respect of the indebtedness in the amount of HK$80,786,000 due to Brightpower by FTFE for a final consideration of HK$53,445,259. The aggregate consideration of HK$53,445,260 has been satisfied by the way of (i) a promissory note in principal amount of HK$13,445,260 and (ii) a convertible bond in principal amount of HK$40,000,000 issued by the Company to Brightpower.

Acquisition of CHL and KPIL

On 28 June 2007, Lead Power Investments Limited ("Lead Power"), a wholly owned subsidiary of the Company, and two independent third parties (the "Vendors") entered into an agreement (the "CK Agreement") whereby Lead Power will acquire from the Vendors the entire issued share capital of two companies, namely Coast Holdings Limited ("CHL") and Kingston Property Investment Limited ("KPIL"), each for a consideration of HK$1.

Upon the completion of the CK Agreement in 16 December 2008, one of the Vendors ("Vendor A") had assigned all the benefits and rights in respect of the indebtedness in the amount of approximately HK$19,396,043 and HK$22,080,208 due to Vendor A by CHL and KPIL respectively for a consideration of HK$15,999,999 and HK$17,799,999 respectively. The aggregate consideration of HK$33,800,000 has been satisfied by the way of a promissory note in principal amount of HK$33,800,000 issued by the Company to Vendor A.

These transactions have been accounted for by the purchase method of accounting.

CORPORATE GOVERNANCE

The Company has compiled with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2008, with deviations from code provision A.4.1 of the Code in respect of the service term and rotation of directors.

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. However, none of the existing independent non-executive directors of the Company is appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company, which stipulates that one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from the office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code in this respect.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by directors. Having made specific enquiry of the directors, the directors confirmed that they have complied with the code throughout the year ended 31 December 2008.

CONTINUING DISCLOSURE REQUIREMENTS UNDER CHAPTER 13 OF THE LISTING RULES

Advance to entities under Rule 13.13 of the Listing Rules:

At 31 December 2008, the Group had a loan receivable of approximately HK$39,510,000 and the accrued loan interest receivable of approximately HK$5,358,000 due from a shareholder of the Group's associate, United Victoria (the "Borrower"). Pursuant to the loan agreement, interest of the loan is chargeable at 4% over prime rate per annum. The loan is secured by a pledge of the 20% equity interest in United Victoria owned by the Borrower. The loan was originally due for repayment in 2003. The loan and the interest receivables remain outstanding and overdue as at 31 December 2008. A provision of approximately HK$5,358,000 had been made against the accrued interest receivable in previous years. The loan receivable balance of HK$39,510,000 has been fully impaired during the year.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2008.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2008 annual report, as well as the announcement of the annual results, containing all relevant information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board
Kong Sun Holdings Limited
Tse On Kin
Chairman

Hong Kong, 24 April 2009

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Tse On Kin, Mr. Chan Chi Yuen and Mr Yu Pak Yan, Peter; and three independent non-executive directors, namely, Dr. Wong Yun Kuen, Ms. Lo Miu Sheung, Betty and Mr. Lau Man Tak.