

**KONG SUN HOLDINGS LTD:  
IS THIS ANOTHER 'SICK' COMPANY ?**

Trading and property company, Kong Sun Holdings Ltd (Code: 295, Main Board, The Stock Exchange of Hongkong Ltd), having reported a Loss Attributable to Shareholders of about \$HK133.86 million for its Financial Year, ended December 31, 2002, has just been sued by its former financial consultant for the best part of \$HK1 million.

HOL Advisory Services Ltd is the Plaintiff in High Court Action Number 3204, which has just been filed in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Statement of Claim, attached to the Writ of Summons, alleges that there existed an agreement, made between Kong Sun and HOL Advisory Services, dating back to November 14, 2001. (Paragraph 3)

In that purported agreement, Kong Sun agreed to engage HOL Advisory Services for a period of one year, commencing November 15, 2001 and ending November 14, 2002.

The fee, agreed to be paid by Kong Sun to HOL Advisory Services, was \$HK2.50 million per annum, payable monthly at the rate of \$HK208,333.

In addition, Kong Sun offered share options to HOL Advisory Services, it is alleged.

In or about late October 2002, HOL Advisory Services and Kong Sun '*orally agreed to extend the terms of the 1<sup>st</sup> Service Agreement for a further period of One year from 14<sup>th</sup> November 2002 to 14<sup>th</sup> November 2003 ...*'. (Paragraph 4)

Paragraphs 7 and 8, then, allege:

*'7. However in breach of the terms of the 1<sup>st</sup> Services (sic) Agreement, the Defendant failed and or refused to settle the invoices rendered by the Plaintiff as per the terms of the 1<sup>st</sup> Service Agreement for the months from August 2002 to November 2002 totaling HK\$833,332.00. Furthermore in breach of the terms of the 2<sup>nd</sup> Service Agreement, the Defendant failed and or refused to settle the Plaintiff's invoices rendered for the months of November 2002 to January 2003 in the sum of HK\$416,666.00.*

*'8. As a result of the said breach by a letter dated the 14<sup>th</sup> January 2003 addressed to the Defendant from the Plaintiff, the Plaintiff duly terminated the 2<sup>nd</sup> Service Agreement.'*

Paragraph 9 of the Statement of Claim alleges that HOL Advisory Services wrote to Kong Sun, demanding \$HK1,308,534.67, being the total amount owed to it in respect of the 1<sup>st</sup> and 2<sup>nd</sup> Agreements.

Starting from April 30, 2003, Kong Sun is alleged to have made partial payments to HOL Advisory Services in the following amounts:

|             |                |
|-------------|----------------|
| \$HK50,000  | April 30, 2003 |
| \$HK50,000  | May 21, 2003   |
| \$HK100,000 | May 30, 2003   |
| \$HK50,000  | June 26, 2003  |

And that was all she wrote.

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