

**SUN'S** 新銀集團有限公司  
THE SUN'S GROUP LIMITED  
(Provisional Liquidators Appointed)  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 988)

**Interim Report 2005**

## CONTENTS

	Pages
Corporate Profile	2
Interim Dividend	2
Financial Review	2-3
Operational Review	3
Business Outlook	4-5
Interests of Directors and Substantial Shareholders	5
Corporate Governance	5-6
Purchase, Sale or Redemption of Listed Securities	6
Audit Committee Review	6
Condensed Consolidated Income Statement	7
Condensed Consolidated Balance Sheet	8-9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Cash Flow Statement	11
Notes on the Condensed Financial Statements	12-19
Corporate Information	20

## **CORPORATE PROFILE**

The Board of Directors (the “Directors” or the “Board”) of The Sun’s Group Limited (Provisional Liquidators Appointed) (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2005.

The Company’s shares have been suspended for trading on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24th April, 2003. The Joint and Several Provisional Liquidators (“Provisional Liquidators”) have been appointed for the Company since 17th June, 2004.

## **DELAY IN PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE, 2005**

Due to various litigations against the Group and prolonged suspension of shares trading on the Stock Exchange, most of the responsible officers had left the Group. The Company has not been able to announce its unaudited interim results for the period ended 30th June, 2005 and dispatch the Interim Report within the due date as required by the Rules Governing the Listing of Securities (the “Listing Rules”).

The delay in publication of the Interim Results and the dispatch of the Interim Report constitute breaches of the Rules 13.48(1) and 13.49(6) of the Listing Rules by the Company.

## **INTERIM DIVIDEND**

The board does not recommend the declaration of an interim dividend (2004: Nil).

## **FINANCIAL REVIEW**

For the six months ended 30th June, 2005, the turnover of the Group was approximately HK\$0.9 million (2004: HK\$1.4 million). The decrease of approximately HK\$0.5 million when compared to the same period last year was mainly due to the Group’s suspension of property investment and development business during 2004. For the period under review, net profit attributable to shareholders amounted to HK\$0.2 million (2004: net profit of HK\$129 million).

The period to period changes are not strictly comparable following the adoption of the new Hong Kong Financial Reporting Standards (“HKFRS”). Details showing the effects of the adoption of new accounting standards are outlined in note 2 on the condensed financial statements.

## **Restructuring of the Group**

As a result of the Group's financial position, the Provisional Liquidators were appointed on 17th June, 2004. For progress of the restructuring of the Group refers to note 1 on the condensed financial statements.

## **Liquidity and Financing**

The Group's total borrowings as at 30th June, 2005 were HK\$301 million due to interest element. As at 30th June, 2005, current ratio of the Group was 0.008 (2004: 0.008).

## **Treasury Policies**

At the period end date, the Group's borrowings were mainly in Hong Kong Dollars. The Group derives its revenue and maintains cash balances mainly in Hong Kong Dollars.

## **Charges on Assets**

At 30th June, 2005, no assets of the Group were pledged to secure loan facilities utilized by subsidiaries.

## **Contingent Liabilities**

There is no contingent liabilities relating to the corporate guarantee given by the company in respect of bank facilities of its subsidiaries as at 30th June, 2005 (2004: Nil).

## **OPERATIONAL REVIEW**

### **Employees Remuneration**

The Group, including its subsidiaries employed approximately 23 (2004: 24) employees at the period end date. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$226,000 for the period. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

## **BUSINESS OUTLOOK**

The Company's shares have been suspended for trading on The Stock Exchange of Hong Kong Limited ("the "Stock Exchange") since 24th April, 2003. The Provisional Liquidators have been appointed for the Company since 17th June, 2004.

Messrs. Lai Kar Yan (Derek) and Joseph K.C. Lo, both of Deloitte Touche Tohmatsu, were appointed as the Provisional Liquidators of The Sun's Group Limited by virtue of an order dated 17th June, 2004 granted by the Court of First Instance of the High Court of Hong Kong.

On 31st July, 2003, a subsidiary had filed writs against their former directors, Mr. Wong Kwan and Mr. Siu King Nin, Peter seeking compensation from them in connection with their alleged breach of fiduciary duties during the period they acted as directors of the subsidiary. The total compensation claimed amounted to HK\$268 million. The case was dismissed on 6th May, 2005.

On 26th September, 2003, a subsidiary had filed writs against their former directors, Mr. Wong Kwan and Mr. Yuen Hon Ming, Edwin seeking compensation from them in connection with their alleged breach of fiduciary duties during the period they acted as directors of the subsidiary. The total compensation claimed amounted to HK\$300 million. This case was dismissed on 24th January, 2005.

On 4th November, 2004, two subsidiaries had jointly filed writs against Proper Invest Group Limited and He Hui Min, a director of the subsidiaries, subsequently resigned on 30th June, 2004, seeking compensation from them in connection with the disposal of advertisement board, signage, naming right and a car park space for a total consideration of HK\$2.3 million which was alleged to be below market value.

On 21st May, 2005, a subsidiary of the Company entered into an agreement with independent third party to acquire the entire equity interest of Rolling Development Limited, a company incorporated in Hong Kong and owned a property in Hong Kong, for a total consideration of HK\$77,010,000.

On 11th November, 2005, a subsidiary of the Company entered into agreements to acquire three properties in The People's Republic Of China ("PRC") for a total consideration RMB5,710,331.

## **Prospect**

Property management, property investment and development will remain as core business of the Group. I am confident that the Group will prosper as soon as the current hardship is over, and will resume growth in both asset base and earnings upon successful re-structuring of the Group.

## **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

As at 30th June, 2005, none of the Directors had the beneficial interest in the share of the Company and its subsidiaries within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) as recorded in the Register of Directors required to be kept under Section 29 of SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

### **Substantial Shareholders**

As at 30th June, 2005, the following entity (not being a director or chief executive of the Company) had or was deemed to have interests, being 10% or more in the issued share capital of the Company recorded in the register kept by the Company under section 16 (1) of the SDI Ordinance.

<b>Name</b>	<b>Number of issued shares</b>	<b>Percentage holding</b>
China Sun’s Group Limited	4,012,000,000	17.90%

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

In the opinion of the Directors, the Company had complied with the Code On Corporate Governance Practices (the “Code”), as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year covered by this interim report, except that the non-executive directors of the Company were not appointed for specific terms as required by paragraph A.4.1 of the Code. However, the non-executive directors were subject to retirement by rotation and re-election at annual general meeting in accordance with the Company’s Bye-laws.

### **Model Code for Securities Transactions by Directors**

Trading in the Shares of the Company has been suspended since 24th April, 2003 and the Directors are of the opinion that since the date of shares trading suspension, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules is not applicable.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There has been no issue, redemption or conversion of any convertible securities or options in issue by the Company's subsidiary companies.

### **AUDIT COMMITTEE REVIEW**

Due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, up to the date of this report the Company is unable to appoint three Independent non-executive Directors as required by Rule 3.19 and Rule 3.21 of the Listing Rules. However, the interim accounts of the Group for the period ended 30th June, 2005 have been reviewed by the two Executive Directors namely Mr. Pang Ho Chuen, Lawrence and Chan Wai Hung.

By Order of the Board  
**Pang Ho Chuen, Lawrence**  
*Executive Director*

Hong Kong, 22nd February 2006

## CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended	
		30th June,	
		2005	2004
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>TURNOVER</b>	3	<b>865</b>	1,358
Other revenues		<b>29</b>	4
General and administrative expenses		<b>(585)</b>	(12,838)
Gain on disposal of fixed assets		–	349
Gain on disposal of investment properties		–	22,740
Gain on disposal of development properties		–	119,549
Fixed assets written back		–	29
Uneliminated inter-company balance written off		–	(1,837)
Finance cost		–	(262)
		<hr/>	<hr/>
<b>PROFIT BEFORE TAXATION</b>	4	<b>309</b>	129,092
<b>TAXATION</b>	5	<b>(66)</b>	(114)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD AND ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY</b>		<b>243</b>	128,978
		<hr/> <hr/>	<hr/> <hr/>
Earning per share – basic	6	<b>0.001 cents</b>	0.58 cents
		<hr/> <hr/>	<hr/> <hr/>



## CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30th June, 2005 HK\$'000	(Audited) 31st December, 2004 HK\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Investment properties		<u>500</u>	<u>500</u>
Total non-current assets		<u>500</u>	<u>500</u>
<b>CURRENT ASSETS</b>			
Trade receivables	8	1,527	1,291
Prepayments and deposits		49	46
Cash and cash equivalents		<u>2,756</u>	<u>2,880</u>
Total current assets		<u>4,332</u>	<u>4,217</u>
<b>CURRENT LIABILITIES</b>			
Short-term bank borrowings		(300,545)	(300,545)
Loans payables		(18,985)	(18,985)
Trade payables	9	(28,606)	(28,606)
Deferred income and deposits from customers		(8,437)	(8,437)
Accrued liabilities and other payables		(29,441)	(29,435)
Due to shareholders		(33,415)	(33,415)
Due to former directors		(135,121)	(135,121)
Due to related companies		(31)	(31)
Taxation payable		<u>(10,980)</u>	<u>(11,114)</u>
Total current liabilities		<u>(565,561)</u>	<u>(565,689)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(561,229)</u>	<u>(561,472)</u>

**CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)**

		<b>(Unaudited)</b> <b>30th June,</b> <b>2005</b> <i>HK\$'000</i>	(Audited) 31st December, 2004 <i>HK\$'000</i>
<b>NET LIABILITIES</b>		<b><u>(560,729)</u></b>	<b><u>(560,972)</u></b>
Represented by:			
<b>SHARE CAPITAL</b>	<i>10</i>	<b>22,408</b>	22,408
<b>RESERVES</b>		<b><u>(583,137)</u></b>	<b><u>(583,380)</u></b>
<b>SHAREHOLDERS' DEFICIT</b>		<b><u>(560,729)</u></b>	<b><u>(560,972)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated deficit <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January, 2004	22,408	722,854	1,026	(1,407,049)	(660,761)
Profit for the six months' period	—	—	—	128,978	128,978
Balance at 30th June, 2004	<u>22,408</u>	<u>722,854</u>	<u>1,026</u>	<u>(1,278,071)</u>	<u>(531,783)</u>
Balance at 1st July, 2004	22,408	722,854	1,026	(1,278,071)	(531,783)
Loss for the six months' period	—	—	—	(29,189)	(29,189)
Balance at 31st December, 2004	<u>22,408</u>	<u>722,854</u>	<u>1,026</u>	<u>(1,307,260)</u>	<u>(560,972)</u>
Balance at 1st January, 2005	22,408	722,854	1,026	(1,307,260)	(560,972)
Profit for the six months' period	—	—	—	243	243
Balance at 30th June, 2005	<u>22,408</u>	<u>722,854</u>	<u>1,026</u>	<u>(1,307,017)</u>	<u>(560,729)</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th June,</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash (outflow)/inflow from operating activities	<b>(124)</b>	65
Net cash inflow from investing activities	–	3,270
Net cash outflow from financing activities	–	(3,759)
Decrease in cash and cash equivalents	<b>(124)</b>	(424)
Cash and cash equivalents at beginning of period	<b>(11,254)</b>	(12,460)
Cash and cash equivalents at end of period	<b><u>(11,378)</u></b>	<b><u>(12,884)</u></b>
Analysis of the balances of cash and cash equivalents		
– Cash and bank balances	<b>2,756</b>	1,250
– Bank overdrafts	<b>(14,134)</b>	(14,134)
	<b><u>(11,378)</u></b>	<b><u>(12,884)</u></b>

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

- (a) The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).
- (b) Going concern basis of preparation of financial statements:

In preparing the financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of its net current liabilities of HK\$561 million and deficiency of shareholders’ funds of approximately HK\$561 million as at 30th June, 2005.

A conditional agreement (“Restructuring Agreement”) for the proposed restructuring of the Group was entered into on 23rd March, 2005, with Mastermind Assets Management Limited (the “Investor”) and the provisional liquidators (the “Provisional Liquidators”), whereby, the Investor would become the controlling shareholder of the Company. Further details of the Restructuring Agreements are disclosed in note 35(b)(ii) of annual report of the Company as at 31st December, 2004. The proposed financial restructuring involves cash injection by the Investor of new equity of HK\$10 million to settle the creditors of the Company and The Sun’s Group (H.K.) Limited (“SGHK”), a wholly owned subsidiary of the Company, resulting in a reduction of the Group’s indebtedness. Conditional on the completion of the Restructuring Agreement, the Company shall transfer the entire share capital of the subsidiaries, other than SGHK, The Sun’s Corporate (B.V.I.) Limited, The Sun’s (B.V.I.) Limited and The Sun’s Property Management Limited (herein after collectively referred to as “Restructured Companies”) to the scheme administrator or their nominees for the sum of HK\$1.

The Restructuring Agreement with the Investor is, however, dependent upon scheme of arrangement for the restructuring of the Group’s indebtedness being accepted by the majority of each class of the Company’s and SGHK’s creditors and the re-listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Restructuring Agreement is also condition upon the relevant approvals being obtained from the High Court of Hong Kong, the Supreme Court of Bermuda, the Hong Kong regulatory authorities, including the Stock Exchange and the Securities and Futures Commission, and from the shareholders.

The financial statements have been prepared on a going concern basis on the basis that the proposed financial restructuring will be successfully completed, and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due for the foreseeable future.

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures <sup>2</sup>
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions <sup>2</sup>
HKAS 39 (Amendment)	The Fair Value Option <sup>2</sup>
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts <sup>2</sup>
HKFRS 6	Exploration for and Evaluation of Mineral Resources <sup>2</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease <sup>2</sup>
HK(IFRIC)-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds <sup>2</sup>
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 December 2005.

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION

The Group's results of major business activities for the period are summarized below:

	2005		
	Property management <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Turnover – External</b>	<b>805</b>	<b>60</b>	<b>865</b>
<b>Operating results</b>			
Segment result	<b>375</b>	<b>(66)</b>	<b>309</b>
Taxation			<b>(66)</b>
Profit for the period and attributable to the shareholders of the Company			<b>243</b>
	2004		
	Property management <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Turnover – External</b>	<b>994</b>	<b>364</b>	<b>1,358</b>
<b>Operating results</b>			
Segment result	<b>653</b>	<b>130,538</b>	131,191
Unallocated corporate expenses			(1,837)
Finance costs			(262)
Taxation			<b>(114)</b>
Profit for the period and attributable to the shareholders of the Company			<b>128,978</b>

*Note:* (1) No geographical analysis is shown as all the principal activities of the Group are carried out in Hong Kong.

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after (charging)/crediting:

	<b>Six months ended 30th June,</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Continuing operations:		
Depreciation	–	(213)
Staff costs	<b>(226)</b>	<b>(1,204)</b>
	<b><u>          </u></b>	<b><u>          </u></b>

### 5. TAXATION

Taxation in the condensed consolidated income statement consisted of:

	<b>Six months ended 30th June,</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax:		
Provision for current period	<b><u>(66)</u></b>	<b><u>(114)</u></b>

The company is exempt from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at 17.5% on the assessable profits arising in or deriving from Hong Kong. No overseas taxation was provided as the subsidiaries operating overseas had no taxable income during the year.

### 6. EARNING PER SHARE

The calculation of basic earning per share for the six months ended 30th June, 2005 was based on the consolidated profit attributable to shareholders of approximately HK\$243,000 (2004: HK\$128,978,000) and on the weighted average number of approximately 22,407,692,000 ordinary shares (2004: 22,407,692,000 ordinary shares) in issue during the period.

No diluted earning per share is presented as all share options were lapsed as at 30th June, 2005 (2004: all anti-dilutive).



## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 7. DIVIDEND

The directors have resolved not to declare any interim dividend (2004: Nil).

### 8. TRADE RECEIVABLES

The aging analysis of trade receivables (consolidated) is as follows:

	<b>30th June, 2005 HK\$'000</b>	31st December, 2004 HK\$'000
0 to 1 month	15	122
1 to 2 months	48	145
2 to 3 months	142	123
Over 3 months	<u>1,322</u>	<u>901</u>
	<u><b>1,527</b></u>	<u><b>1,291</b></u>

### 9. TRADE PAYABLES

The Group's trade payables of HK\$28,606,000 (2004: HK\$28,606,000) are all aged over 12 months.

### 10. SHARE CAPITAL

Ordinary shares of HK\$0.001 each *HK\$'000*

*Authorised:*

2,000,000,000,000 shares at 1st January, 2005 and 30th June, 2005 **2,000,000**

*Issued and fully paid:*

22,407,691,598 shares at 1st January, 2005 and 30th June, 2005 **22,408**

## **NOTES ON THE CONDENSED FINANCIAL STATEMENTS**

### **11. COMMITMENTS AND CONTINGENT LIABILITIES**

#### **i) Capital commitments**

As at 30th June, 2005, capital commitments incurred by the Group in relation to acquisition of a company incorporated in Hong Kong which owned a property in Hong Kong, amounted to approximately HK\$77,010,000.

#### **ii) Contingent liabilities**

There is no contingent liabilities relating to the corporate guarantee given by the company in respect of bank facilities of its subsidiaries as at 30th June, 2005 (2004: Nil).

### **12. POST BALANCE SHEET EVENTS/OUTSTANDING LITIGATIONS**

#### **a) Other subsequent event**

On 11th November, 2005, a subsidiary of the Company entered into agreements to acquire three properties in The People's Republic Of China ("PRC") for a total consideration RMB5,710,331.

#### **b) Outstanding litigations**

i) On 24th April, 2003, the company had reported to the public the litigations brought against the group as the former director Mr. Wong Kwan made winding up petitions against the company and requested the suspension of the trading of its shares in the Hong Kong Stock Exchange.

ii) On 4th November, 2004, two subsidiaries had jointly filed writs against Proper Invest Group Limited and He Hui Min, a director of the subsidiaries, subsequently resigned on 30th June, 2004, seeking compensation from them in connection with disposal of advertisement board, signage, naming right and a car park space at a total consideration of HK\$2.3 million which was alleged to be below market value.

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 13. BANKING FACILITIES AND PLEDGE OF ASSETS

As at 30th June, 2005, the Group had aggregate banking facilities of approximately HK\$300,545,000 (31.12.2004: HK\$300,545,000) from several banks for overdrafts and loans, which were fully utilized.

Due to the liquidity situation described in note 1(b), the Group has defaulted on repayment of principal and interest on its bank borrowings, totaling approximately HK\$300,545,000 as at 30th June, 2005. The Group's bankers have demanded immediate repayment of substantially all of the Group's bank borrowings and in some cases appointed receivers to obtain possession of certain properties which have been mortgaged to the banks as collateral for the bank borrowings. In certain cases, the creditor banks have applied the rental receipt from the investment properties to offset parts of the Group's short-term bank borrowings which are in default.

### 14. RELATED PARTY TRANSACTIONS

Significant transactions and balances with related parties are summarized as follows:

- (a) China Sun's Group Limited became a substantial shareholder by acquiring a substantial stake from Mr. Wong Kwan and subsequently advanced to the group a total of approximately HK\$22,905,000 (31.12.2004: HK\$22,905,000), which is unsecured and bears interest at Hong Kong prime lending rate.
- (b) As at 30th June, 2005, the amount due to a former director of the company of approximately HK\$82,530,000 (31.12.2004: HK\$82,530,000) represented short-term advances from Mr. Wei Wu, a director of the company, together with accrued interest. Such amount was unsecured, bore interest at Hong Kong prime lending rate and had no predetermined repayment terms.
- (c) As at 30th June, 2005, the amount due to a former director of the company of approximately HK\$52,591,000 (31.12.2004: HK\$52,591,000) represented short-term advances from Mr. Wong Kwan (a director of the company up to 29th January, 2002 and an existing shareholder of the company), together with accrued interest. Such amount was unsecured, bore interest at Hong Kong prime lending rate and had no predetermined repayment terms. Charcon Assets Limited, a shareholder of the company and a company owned by Mr., Wong Kwan, advanced to the group of HK\$10,510,000 (2004: HK\$10,510,000) which is unsecured and bears interest at Hong Kong prime lending rate.
- (d) The outstanding balances with related companies were unsecured, non-interest bearing and had no predetermined repayment terms.

## NOTES ON THE CONDENSED FINANCIAL STATEMENTS

### 15. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 3 (2004: 9) directors were as follows:

#### As at 30th June, 2005

	Pang Ho Chuen, Lawrence HK\$'000	Chan Wai Hung HK\$'000	Lui Po San, Anthony HK\$'000	Total 2005 HK\$'000
Fees				
Other emoluments				
Salaries and other benefits	-	-	-	-
Contributions to retirement benefits scheme	-	-	-	-
Total emoluments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### As at 30th June, 2004

	Pang Ho Chuen, Lawrence HK\$'000	Lui Po San, Anthony HK\$'000	Liu Xiu Juan HK\$'000	Chiang Ho Wai HK\$'000	He Hui Min HK\$'000
Fees					
Other emoluments					
Salaries and other benefits	-	-	90	-	334
Contributions to retirement benefits scheme	-	-	3	-	-
Total emoluments	<u>-</u>	<u>-</u>	<u>93</u>	<u>-</u>	<u>334</u>

	Mao Zhi Rong HK\$'000	Wei Wu HK\$'000	Wei De Zhong HK\$'000	Zhu Jing HK\$'000	Total 2004 HK\$'000
Fees					
Other emoluments					
Salaries and other benefits	-	600	-	-	1,024
Contributions to retirement benefits scheme	-	-	-	-	3
Total emoluments	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>1,027</u>

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTOR**

#### **Executive Directors**

Pang Ho Chuen, Lawrence

(Appointed on 30th June, 2004)

Lui Po San, Anthony

(Appointed on 30th June, 2004 and  
ceased to act on 15th February, 2005)

Chan Wai Hung

(Appointed on 15th February, 2005)

### **COMPANY SECRETARY**

Yuen Wai Kuen

(Resigned on 30th November, 2004)

### **AUDITORS**

Patrick Ng & Co.

### **PRINCIPAL BANKERS**

Liu Chong Hing Bank, Limited

Shanghai Commercial Bank Limited

The Bank of China (H.K.) Limited

Wing Lung Bank Limited

### **PROVISIONAL LIQUIDATORS**

Messrs. Lai Kar Yan (Derek) and Joseph K.C. Lo,  
both of Deloitte Touche Tohmatsu  
22/F., Wing On Centre  
111 Connaught Road Central  
Hong Kong

### **HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS**

5/F., Tien Chu Commercial Building  
173-174 Gloucester Road  
Wanchai, Hong Kong

### **SHARE REGISTRARS & TRANSFER OFFICE**

Tengis Limited  
G/F., Bank of East Asia Harbour View Center  
56 Gloucester Road  
Wanchai, Hong Kong

### **REGISTERED OFFICE**

5/F., Tien Chu Commercial Building  
173-174 Gloucester Road  
Wanchai, Hong Kong