

CORPORATE PROFILE

The Board of Directors (the “Directors” or the “Board”) of The Sun’s Group Limited (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, 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30th June, 2006, the turnover of the Group was approximately HK\$0.9 million (2005: HK\$0.9 million). For the period under review, net loss attributable to shareholders amounted to approximately HK\$0.9 million (2005: net profit of HK\$0.2 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 3 to the condensed consolidated financial statements.

Business Review

The Company’s shares have been suspended for trading on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24th April, 2003.

Prospects

Property management, property investment and development will remain as core business of the Group. The Group is actively pursuing a re-structuring plan with Mastermind Assets Management Limited as an investor and the listing resumption of the shares of the Company.

On 18th April, 2005, schemes of arrangement for the Company and The Sun’s Group (HK) Limited (Provisional Liquidators Appointed) (“SGHK”), a wholly owned subsidiary of the Company (the “Schemes”) were duly passed in the meetings of scheme creditors by the majority prescribed by section 166 of the Companies Ordinance, conditionally upon, among other things, the approvals of all relevant transactions for the restructuring by the respective shareholders of the Company and the resumption in trading of the shares of the Company. On 27th June, 2006, the Court granted orders to sanction the Schemes.

On 7th February, 2006, the Company obtained an approval from the Listing (Review) Committee to proceed with the listing resumption proposal, subject to certain conditions to be satisfied.

On 1st August, 2006 at the special general meeting, the shareholders approved the relevant transactions for the implementation of the restructuring proposal.

On 20th September, 2006, the petition lodged against the Company on 11th April, 2003 was dismissed and the Provisional Liquidators were discharged respectively. Accordingly, the Company has successfully emerged from provisional liquidation.

Material Acquisition or disposal of Subsidiaries and Affiliated Companies

The Group has no other significant material acquisitions or disposal of subsidiaries and affiliated companies during the period under review.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

Most of the Group's monetary assets and liabilities were denominated in Hong Kong dollars. As a result, there was no exchange rate risks of the Group during the period.

Liquidity and Financial Resources

The Group's total borrowings as at 30th June, 2006 were HK\$301 million due to interest element. These borrowings will be substantially eliminated upon the Schemes being effective. As at 30th June, 2006, current ratio of the Group was 0.005 (2005: 0.007).

Bank balances and cash as at 30th June, 2006 was approximately HK\$2.7 million.

Charges on Assets

At 30th June, 2006, no assets of the Group were pledged to secure loan facilities utilized by subsidiaries.

Contingent Liabilities

There is no contingent liability relating to the corporate guarantee given by the company in respect of bank facilities of its subsidiaries as at 30th June, 2006 (2005: Nil).

Employees Remuneration

As at 30th June, 2006, the total number of employees of the Group was approximately 21 (2005: 23).