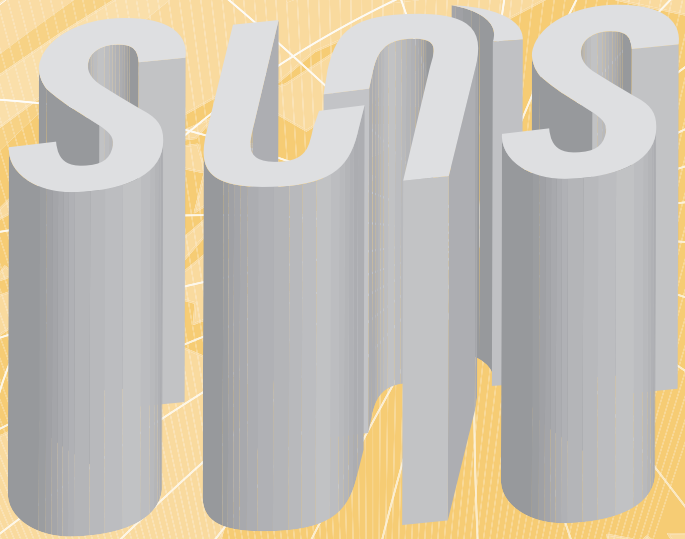




新銀集團有限公司
THE SUN'S GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 988)



Interim Report 2007

CONTENTS

	Pages
Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Income Statement	6
Condensed Consolidated Balance Sheet	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Cash Flow Statement	9
Notes to the Condensed Consolidated Financial Statements	10
Other Information	18

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lee Sammy Sean (*Chairman*)
Mo Ka Yin, Kenneth
Lui Ngok Che

Independent Non-executive Directors

Antony Chiu
Ho Kwan Tat
Kwee Chong Kok, Michael

**AUDIT COMMITTEE &
REMUNERATION COMMITTEE**

Antony Chiu
Ho Kwan Tat
Kwee Chong Kok, Michael

**COMPANY SECRETARY &
QUALIFIED ACCOUNTANT**

Hon Yuen Fong CPA ACCA

AUDITORS

Patrick Ng & Company

ADR DEPOSITARY

The Bank of New York
101 Barclay Street
22nd Floor West
New York, NY10286
USA
website address: <http://www.adrbny.com>

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Bank of East Asia, Limited
Wing Lung Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

**HEAD OFFICE & PRINCIPAL PLACE
OF BUSINESS IN HONG KONG**

14/F, Tern Centre, Tower 1
237 Queen's Road Central
Hong Kong

**SHARE REGISTRARS & TRANSFER
OFFICE IN HONG KONG**

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the “Directors” or the “Board”) of The Sun’s Group Limited (the “Company”) is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2007.

FINANCIAL RESULTS

For the six months ended 30th June, 2007, the turnover of the Group was approximately HK\$21.1 million (2006: HK\$0.9 million). For the period under review, profit attributable to shareholders amounted to approximately HK\$1.1 million (2006: loss attributable to shareholders amounted to HK\$0.9 million). Earnings per share was approximately 0.505 HK cents as compared with loss per share of 0.004 HK cents in the preceding period.

BUSINESS REVIEW

The Group is principal engaged in property investment, development and management and hotel operation. Property management business continued to bring in stable income to the Group.

During the period under review, Hong Kong hotel industry continued to be strong, room occupancy rates remained at a satisfactory level. Moreover, the renovation works of the hotel in Jordan had completed in June 2007, which is expected to bring in the higher revenue in the latter half year.

During the period, the low-density luxurious residential properties in Beijing had completed the construction phase, the decoration works will soon be commenced. The Group plans to lease out the residential properties unless the price offered by prospective purchasers is attractive.

Outlook

On 5th July, 2007, a subsidiary in Hong Kong entered into two preliminary agreements with two independent third parties for the purchase of two properties in Mongkok, Kowloon. The purchase of the properties will be completed on or before 5 November, 2007. In line with the principal business of the group and given the current favourable market conditions, indicated by the strong economic condition in Hong Kong and prosperous tourism and retail business in Hong Kong, the Directors believe that the purchase of the properties represents a good opportunity for the Group to enrich its property reserve for its future development at a reasonable cost and the purchase price for the properties are reasonable. It is the current plan of the Group to re-develop the site of the properties for hotel business.

MANAGEMENT DISCUSSION AND ANALYSIS

Following the full subscription of the Rights Shares on August 2007, the Company received, approximately HK\$109.5 million (net of expenses of approximately HK\$2.5 million). The Directors intend to use the net proceeds of the Rights Issue as general working capital and for future investment in property and natural resources sectors in Hong Kong and overseas, should the appropriate opportunities arise.

The Directors are confident that as the Group maintains a strong financial position, the Group is now well positioned to take advantage of any attractive investment or other opportunities that may become available in the near future, which can serve to enhance long-term value to shareholders.

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.

FINANCIAL REVIEW**Liquidity and Financial Resources**

As at 30th June, 2007, the shareholders' fund of the Group amounted to HK\$185.9 million (31st December, 2006: HK\$184.7 million). The gearing ratio of the Group as at 30th June, 2007 measured in terms of total liabilities divided by shareholders' equity was approximately 2.69% (31st December, 2006: 2.97%).

As at 30th June, 2007, the Group's net current assets were approximately HK\$94.4 million (31st December, 2006: HK\$101.9 million). Current assets amounted to approximately HK\$95.7 million (31st December, 2006: HK\$103.6 million), of which approximately HK\$86.3 million (31st December, 2006: HK\$91.1 million) was fixed deposits, cash and bank balances. In terms of the quality of current assets, the Group was therefore in a healthy liquidity position.

As at 30th June 2007, the Group had short term bank borrowings of approximately HK\$0.07 million (31st December, 2006: HK\$0.07 million), which will be due within one year, and long term bank borrowings was approximately HK\$3.7 million (31st December, 2006: HK\$3.8 million). All the Group's borrowings were denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

The bank borrowings were subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

The financial position of the Group remained strong 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 principally denominated in Hong Kong dollars and United States dollars. As a result, there was no exchange rate risks of the Group during the period.

Pledge of Assets

As at 30th June, 2007, the investment properties in Mainland China were pledged to a bank to secure bank loans granted to a subsidiary of the Company.

Contingent Liabilities

As at 30th June, 2007, the Group had no significant contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 30th June, 2007, the total number of employees of the Group was approximately 36 (2006: 21). It continues to reward its staff with reasonable remuneration packages that include medical insurance, retirement benefits and share option, etc.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30th June,	
		2007	2006
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	4	21,141	898
Cost of goods sold		(16,803)	–
Gross profit		4,338	898
Other income		4,130	6
Administrative and operating expenses		(7,372)	(1,703)
Finance costs		(40)	–
Profit/(Loss) before tax	5	1,056	(799)
Income tax credit/(expense)	6	75	(59)
Profit/(Loss) for the period attributable to the equity holders of the Company		1,131	(858)
Earnings/(Loss) per share	7		
– Basic		0.505 cents	(0.004 cents)
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30th June, 2007 (Unaudited) HK\$'000	31st December, 2006 (Audited) HK\$'000
Non-current Assets			
Property, plant and equipment		13,233	9,509
Investment properties		7,400	–
Land use rights		69,740	66,634
Deposit paid for acquisition of investment properties		–	5,883
Goodwill		2,811	2,811
Deferred tax assets		2,023	1,790
Total Non-current Assets		95,207	86,627
Current Assets			
Held for trading investment		886	352
Available for sales investment		–	7,765
Trade and other receivables	9	8,439	4,128
Bank balances and cash		86,252	91,097
Tax in advance		82	239
Total Current Assets		95,659	103,581
Current Liabilities			
Other payables	10	(1,208)	(1,647)
Bank borrowings		(72)	(70)
Total Current Liabilities		(1,280)	(1,717)
Net Current Assets		94,379	101,864
Total Assets less Current Liabilities		189,586	188,491
Non-current Liabilities			
Bank borrowings		(3,726)	(3,762)
Total Non-current Liabilities		(3,726)	(3,762)
Net Assets		185,860	184,729
Represented by:			
Capital and Reserves			
Share capital	11	2,241	2,241
Reserves		183,619	182,488
Shareholders' Equity		185,860	184,729

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Capital Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st January, 2006	22,408	722,854	1,026	(1,317,234)	(570,946)
Loss for the six months' period	–	–	–	(858)	(858)
Balance at 30th June, 2006	22,408	722,854	1,026	(1,318,092)	(571,804)
Balance at 1st January, 2007	2,241	198,655	1,026	(17,193)	184,729
Profit for the six months' period	–	–	–	1,131	1,131
Balance at 30th June, 2007	2,241	198,655	1,026	(16,062)	185,860

 CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th June,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	1,834	(836)
Net cash used in investing activities	(6,605)	–
Net cash (used in)/generated from financing activities	(74)	12
Net decrease in cash and cash equivalents	(4,845)	(824)
Cash and cash equivalents at 1st January	91,097	(10,651)
Cash and cash equivalents at 30th June	86,252	(11,475)
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	86,252	2,659
Bank overdrafts	–	(14,134)
	86,252	(11,475)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

The Sun's Group Limited ("the Company") was incorporated in Bermuda on 9th July, 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its shares have been listed on The Stock Exchange of Hong Kong Limited since January 1994. The address of the registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is located at 14/E, Tern Centre, Tower 1, 237 Queen's Road Central, Hong Kong.

The Company is an investment holding company. At 30th June, 2007, the Company's subsidiaries (which together with the Company are collectively referred to as "the Group") were principally engaged in property management, property investment and development, hotel investment and operation, general trading and securities investment and trading.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

The condensed consolidated 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 and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA which are effective for accounting periods beginning on or after 1st January, 2007. The adoption of the new HKFRSs had no material effect on the results or financial position for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

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

HKAS 23 (Revised)	Borrowing Costs ⁽¹⁾
HKFRS 8	Operating Segments ⁽¹⁾
HK (IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁽²⁾
HK (IFRIC)-Int 12	Service Concession Arrangements ⁽³⁾

⁽¹⁾ Effective for annual periods beginning on or after 1st January, 2009

⁽²⁾ Effective for annual periods beginning on or after 1st March, 2007

⁽³⁾ Effective for annual periods beginning on or after 1st January, 2008

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

a) Primary segment

For management purposes, the Group is currently engaged in business of property management, hotel operation, securities trading and general trading. These businesses are the basis on which the Group reports its primary segment information.

Business segments for the period are as follows:

	For the six months ended 30th June, 2007				
	Property management	Hotel operation	Securities trading	General trading	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	874	2,373	15,678	2,216	21,141
Segment results	(306)	996	1,335	273	2,298
Unallocated income					2,824
Unallocated expenses					(4,026)
Finance costs					(40)
Profit before tax					1,056
Income tax credit					75
Profit for the period					1,131

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

a) Primary segment (Continued)

For the six months ended 30th June, 2006

	Property management HK\$'000	Property investment HK\$'000	Total HK\$'000
Turnover	838	60	898
Segment result	334	(12)	322
Unallocated income			3
Unallocated expenses			(1,124)
Loss before tax			(799)
Income tax expense			(59)
Loss for the period			(858)

b) Geographical segment

No geographical segment analysis is presented as over 90% of the Group's turnover is situated in Hong Kong.

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been arrived at after charging:

	Six months ended 30th June,	
	2007 HK\$'000	2006 HK\$'000
Staff costs (including directors' emoluments)	3,259	200
Depreciation	1,275	—
Amortisation of land use rights	532	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) in the condensed consolidated income statement consisted of:

	Six months ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong profits tax:		
Provision for current period	(158)	(59)
Deferred tax	233	–
	75	(59)

The Company is exempt from taxation in Bermuda until 2016. Hong Kong Profits Tax has been provided at 17.5% on the estimated assessable profits for the six months ended 30th June, 2007 (six months period ended 30th June, 2006: 17.5%). No overseas taxation was provided as the subsidiaries operating overseas had no taxable income during the period.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Earnings:		
Profit/(Loss) for the period attributable to equity holders of the Company	1,131	(858)

	Six months ended 30th June,	
	2007	2006
	Number of shares	Number of shares
Number of ordinary shares:		
Number of ordinary shares issued for the purpose of basic earnings/(loss) per share	224,076,915	22,407,691,598

No diluted earnings per share has been presented for the both periods as there was no outstanding dilutive potential ordinary share in existence during these periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30th June, 2007 (2006: Nil).

9. TRADE AND OTHER RECEIVABLES

	30th June, 2007 HK\$'000	31st December, 2006 HK\$'000
Trade receivables	431	329
Prepayment, deposit paid and other receivables	8,008	3,799
	8,439	4,128

The credit terms of trade receivables range from 7 days to 30 days, after which interest ranging from 1% to 5% above the best lending rate can be charged on default of repayment.

An aged analysis of trade receivables is as follows:–

	30th June, 2007 HK\$'000	31st December, 2006 HK\$'000
0-30 days	294	210
31-60 days	63	80
61-90 days	22	59
Over 90 days	1,007	1,528
	1,386	1,877
Provision for impairment on trade receivables	(955)	(1,548)
	431	329

The Group's trade and other receivables at 30th June, 2007 approximates to its fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. OTHER PAYABLES

	30th June, 2007 HK\$'000	31st December, 2006 HK\$'000
Accrued charges and other payables	1,208	1,647
	1,208	1,647

The Group's other payables at 30th June, 2007 approximates to its fair value.

11. SHARE CAPITAL

	30th June, 2007		31st December, 2006	
	Number of Shares '000	Nominal Value HK\$'000	Number of Shares '000	Nominal Value HK\$'000
Ordinary shares:				
Authorised (ordinary shares of HK\$0.01 each)	200,000,000	2,000,000	200,000,000	2,000,000
Issued and fully paid (ordinary shares of HK\$0.01 each)	224,077	2,241	224,077	2,241

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**12. COMMITMENTS AND CONTINGENT LIABILITIES****i) Capital commitments**

At 30th June, 2007, the Group has no significant capital commitment.

ii) Contingent liabilities

At 30th June, 2007, the Group has no significant contingent liabilities.

13. RELATED PARTY TRANSACTIONS

During the period, a director of the Company has provided personal guarantee to a bank to secure banking facilities granted to a wholly-owned subsidiary of the Company.

14. SUBSEQUENT EVENTS

On 5th July, 2007, New Fortune Development Limited, a wholly-owned subsidiary of the Company, entered into two preliminary agreements with two independent third parties for the purchase of properties located in Hong Kong at the total purchase price of HK\$58,000,000.

Pursuant to the prospectus issued on 8th August, 2007, Rights Issue of 112,038,437 Rights Shares of HK\$0.01 each at HK\$1 per Rights Share, payable in full on acceptance on the basis of one Rights Share for every two existing shares held. The Rights Issue has been completed on 31st August, 2007. The net proceeds of approximately HK\$109.5 million was used as general working capital of the Group and for future investment purposes.

OTHER INFORMATION
SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “2002 Share Option Scheme”) pursuant to an ordinary resolution passed on 14th November, 2002. Under the 2002 Share Option Scheme, the directors of the Company may, at their discretion, grant options to executives and employees in the service of any member of the Group and other persons who may make a contribution to the Group subject to the terms and conditions stipulated therein.

At the Special General Meeting of the Company held on 25th June, 2007, ordinary resolutions were passed by the Shareholders to adopt a new share option scheme (the “2007 Share Option Scheme”) and terminate the 2002 Share Option Scheme. No options have been granted under the 2002 Share Option Scheme since its adoption. The 2002 Share Option Scheme had expired upon its termination.

The Company considered that it is essential to its continued success that it is able to attract and recruit high-calibre employees to work for the Company. The adoption of the 2007 Share Option Scheme will provide incentive to the eligible participants who contribute to the Group. Up to 30th June, 2007, no share option has been granted or agreed to be granted to any person under the 2007 Share Option Scheme.

DIRECTORS’ INTEREST IN SECURITIES

As at 30th June, 2007, the interests of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

Long positions in shares of the Company

Name of director	Number of issued shares	Percentage holding
Lee Sammy Sean	130,069,224	58.05%

Note: These shares were held by Mastermind Assets Management Limited, whose entire issued share capital of which is beneficially owned by Mr. Lee Sammy Sean.

Save as disclosed above, none of the directors, chief executive or their associates had any interests or short positions, whether beneficial or non beneficial, in the shares of the Company or any of its associated corporations as at 30th June, 2007.

OTHER INFORMATION
SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2007, the following entities (not being a director or chief executive of the Company) had long position in the issued share capital of the Company recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

Long positions in shares of the Company

Name of shareholder	Number of issued shares	Percentage holding
Mastermind Assets Management Limited	130,069,224	58.05%

Note: These shares were held by Mastermind Assets Management Limited, whose entire issued share capital of which is beneficially owned by Mr. Lee Sammy Sean.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th June, 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30th June, 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules throughout the period covered by this interim report, except that the independent non-executive directors of the Company are not appointed for a specific term as required by the code provision A.4.1 of the independent non-executive directors are subject to the retirement by rotation in accordance with the Company's Bye-laws.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the period ended 30th June, 2007.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited interim results for the six months ended 30th June, 2007. The Audit Committee comprises all of the three independent non-executive directors, Mr. Antony Chiu, Mr. Ho Kwan Tat and Mr. Kwee Chong Kok, Michael.

By Order of the Board
Lee Sammy Sean
Chairman

Hong Kong, 24th September, 2007