



Sun Man Tai Holdings Company Limited

(Incorporated in Bermuda with limited liability)
Stock code: 433



Interim
2008 Report

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Ji Jian Xun (*Chairman*)

Jin Jiu Xin

Chiu Yeung

He Hui Min

Independent Non-executive Directors

Mu Xiangming

Cheng Chak Ho

Lo Wa Kei Roy

Li Mei

COMPANY SECRETARY

Lo Wah Wai

QUALIFIED ACCOUNTANT

Edmund Siu

AUDIT COMMITTEE

Mu Xiangming

Cheng Chak Ho

Lo Wa Kei Roy

REMUNERATION COMMITTEE

Lo Wa Kei Roy

Chiu Yeung

Cheng Chak Ho

PRINCIPAL BANKERS

Citibank

Standard Chartered Bank

(Hong Kong) Limited

HSBC

Wing Hang Bank Limited

AUDITORS

Elite Partners CPA Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 3609-10, 36/F

China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Corporate Services Limited

11 Rosebank Centre

Bermudiana Road

Hamilton

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26/F, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

(Stock Code: 433)

WEBSITE

www.sunmantai.com.hk

The board of directors (the “Board”) of Sun Man Tai Holdings Company Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2008, together with comparative figures, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008 (in HK Dollars)

	Notes	2008 (Unaudited) \$'000	2007 (Unaudited) (restated) \$'000
Turnover	3	25,832	82,072
Cost of sales		(54,696)	(78,475)
Gross (loss)/profit		(28,864)	3,597
Other revenue		801	2,332
Negative goodwill		27,180	-
Administrative expenses		(11,331)	(7,271)
Other operating expenses		(925)	(1,849)
Fair value loss on financial assets at fair value through profit or loss		(12,966)	(3,477)
Loss from operations	4	(26,105)	(6,668)
Share of results of associates		2,562	1,056
Finance costs	5	(562)	-
Loss before tax		(24,105)	(5,612)
Taxation	6	(602)	1,202
Loss for the period		(24,707)	(4,410)
Attributable to:			
Equity holders of the Company		(23,861)	(3,735)
Minority interests		(846)	(675)
		(24,707)	(4,410)
Loss per share			
-Basic	7	(0.70) HK cents	(0.18) HK cents
-Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008 (in HK Dollars)

	Notes	30/6/2008 (Unaudited) \$'000	31/12/2007 (Audited) \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	138,697	131,553
Goodwill		12,591	12,591
Investment properties		358,121	-
Intangible assets		33,344	34,269
Leasehold lands		89,986	-
Interests in associates		55,629	39,735
		<u>688,368</u>	<u>218,148</u>
Current assets			
Accounts receivable	10	3,827	148
Prepayments, deposits and other receivables		7,823	780
Financial assets at fair value through profit or loss		7,566	15,469
Investment deposits		-	56,842
Loan receivables		15,000	-
Cash and bank balances		108,869	176,748
		<u>143,085</u>	<u>249,987</u>
Total assets		<u><u>831,453</u></u>	<u><u>468,135</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	56,308	56,308
Reserves		453,252	396,029
		<u>509,560</u>	<u>452,337</u>
Minority interests		7,585	8,431
Total equity		<u><u>517,145</u></u>	<u><u>460,768</u></u>

Sun Man Tai Holdings Company Limited

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	Notes	30/6/2008 (Unaudited) \$'000	31/12/2007 (Audited) \$'000
LIABILITIES			
Non-current liabilities			
Deferred taxation		31,426	-
Convertible notes	12	270,546	-
		<u>301,972</u>	<u>-</u>
Current liabilities			
Accounts payable	13	1,005	68
Other payables and accrued expenses		7,675	6,858
Tax payable		3,656	441
		<u>12,336</u>	<u>7,367</u>
Total liabilities		<u>314,308</u>	<u>7,367</u>
Total equity and liabilities		<u>831,453</u>	<u>468,135</u>
Net current assets		<u>130,749</u>	<u>242,260</u>
Total assets less current liabilities		<u>819,117</u>	<u>460,768</u>
Net assets		<u>517,145</u>	<u>460,768</u>

Approved by the Board on 10 September 2008 and signed on its behalf by:

Chiu Yeung
Executive Director

Jin Jiu Xin
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008 (Unaudited) (in HK Dollars)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	Statutory reserve	Convertible notes reserve	Accumulated losses	Subtotal	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2007	33,139	491,636	31,350	(894)	(4,612)	-	-	(197,068)	353,551	15,660	369,211
Exchange differences on translation of foreign subsidiaries	-	-	-	-	8	-	-	-	8	-	8
Loss for the period	-	-	-	-	-	-	-	(3,735)	(3,735)	(675)	(4,410)
At 30 June 2007	33,139	491,636	31,350	(894)	(4,604)	-	-	(200,803)	349,824	14,985	364,809
At 1 January 2008	56,308	606,150	31,350	(894)	1,960	1	-	(242,538)	452,337	8,431	460,768
Exchange difference on translation of foreign subsidiaries	-	-	-	-	(1,046)	-	-	-	(1,046)	-	(1,046)
Convertible notes - equity component	-	-	-	-	-	-	80,016	-	80,016	-	80,016
Acquisition of a subsidiary	-	-	-	-	-	2,114	-	-	2,114	-	2,114
Loss for the period	-	-	-	-	-	-	-	(23,861)	(23,861)	(846)	(24,707)
At 30 June 2008	56,308	606,150	31,350	(894)	914	2,115	80,016	(266,399)	509,560	7,585	517,145

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008 (in HK Dollars)

	2008 (Unaudited) \$'000	2007 (Unaudited) \$'000
	<u> </u>	<u> </u>
Net cash outflow from operating activities	(12,773)	(1,026)
Net cash (outflow)/inflow from investing activities	(405,106)	52,848
Net cash inflow from financing activities	350,000	-
	<u> </u>	<u> </u>
(Decrease)/increase in cash and cash equivalents	(67,879)	51,822
Cash and Cash equivalents at the beginning of the period	176,748	22,312
	<u> </u>	<u> </u>
Cash and Cash equivalents at the ended of the period	108,869	74,134
	<u> </u>	<u> </u>
Analysis of the balance of cash and cash equivalents		
Cash and bank balance	108,869	74,134
	<u> </u>	<u> </u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2008 (in HK Dollars)

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 10 April 1995 under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Rooms 3609-10, 36/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding, securities trading and property investments. The principal activities of the Company's principal subsidiaries are property investment, development and management.

In the opinion of the directors, the ultimate holding company is China Wan Tai Group Limited, a company incorporated in Hong Kong with limited liability.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Chapter 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies and basis of preparation used in the condensed consolidated financial are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards, ("HKFRSs", which also include Hong Kong Accounting Standards ("HKAS") and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HK (IFRIC) – Int 11

HK (IFRIC) – Int 12

HK (IFRIC) – Int 14

HKFRS 2 – Group and Treasury Share Transactions

Service Concession Arrangements

HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new and revised HKFRSs has no material impact on the Group's results of operations and financial position.

The following standards, amendments and interpretations to existing standards have been published but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

HKFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in details by management but no significant impact is expected;

HKAS 23 (amendment), "Borrowing costs", effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group currently applies a policy of capitalizing borrowing costs;

HKFRS 2 (amendment), "Share-based payment", effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group's operation as the Group has currently no such schemes;

HKFRS 3 (amendment), "Business combination" and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates" and HKAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group;

HKAS 1 (amendment), "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard;

HKAS 32 (amendment), "Financial instruments: presentation", and consequential amendments to HKAS 1, "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments; and

HK (IFRIC) – Int 13, “Customer loyalty programmes”, effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretation on its revenue recognition, and no material change to the Group’s operating results is expected.

3. SEGMENT INFORMATION

a) Business Segments

	Six months ended 30 June									
	Property leasing		Interest income		Property management		Securities trading		Consolidated	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Segment revenue	<u>3,034</u>	<u>-</u>	<u>825</u>	<u>1,788</u>	<u>1,695</u>	<u>1,456</u>	<u>20,278</u>	<u>78,828</u>	<u>25,832</u>	<u>82,072</u>
Segment results	<u>2,225</u>	<u>-</u>	<u>825</u>	<u>1,788</u>	<u>230</u>	<u>156</u>	<u>(45,110)</u>	<u>(1,823)</u>	<u>(41,830)</u>	<u>121</u>
Other income									801	2,332
Negative goodwill									27,180	-
Administrative expenses									(12,256)	(7,271)
Other operating expenses									-	(1,850)
Loss from operations									(26,105)	(6,668)
Finance costs									(562)	-
Share of results of associates									2,562	1,056
Loss before tax									(24,105)	(5,612)
Taxation									(602)	1,202
Loss for the period									(24,707)	(4,410)

b) Geographical Segments

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of assets.

	Six months ended 30 June					
	Hong Kong		Rest of the PRC		Consolidated	
	(Unaudited)		(Unaudited)		(Unaudited)	
	2008	2007	2008	2007	2008	2007
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Turnover	21,103	78,828	4,729	3,244	25,832	82,072
Loss from operations	(25,353)	(4,336)	(752)	(2,332)	(26,105)	(6,668)
Segment assets	227,363	47,234	604,090	326,786	831,453	374,020
Segment liabilities	305,721	5,143	8,587	4,068	314,308	9,211
Capital expenditure incurred during the period	<u>-</u>	<u>563</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>663</u>

4. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Amortisation of intangible assets	925	1,849
Depreciation of property, plant and equipment	415	663
Operating lease rentals in respect of land and buildings	715	524
Changes in fair value of financial assets through profit or loss	12,966	3,477
Royalty income	(740)	(740)
Compensation interest payment received	-	(1,502)
	=====	=====

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Imputed interest expense on convertible notes	562	-
	=====	=====

6. TAXATION

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Provision for the period	602	-
Over-provision in prior periods	-	(1,202)
	602	(1,202)

No provision for Hong Kong profits tax has been made in the interim financial statements as the Group's operating in Hong Kong incurred a tax loss for the period (30 June 2007: Nil).

The Group's operation in the People's Republic of China (the "PRC") are subject to PRC Enterprise Income Tax at 33% (30 June 2007: 33%).

Deferred tax assets have not recognised in the financial statements in respect of estimated tax losses due to the unpredictability of future profit streams (30 June 2007: Nil).

7. LOSS PER SHARE

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
		(restated)
Loss for the period for the purpose of basic loss per share (in \$'000)	(24,707)	(3,735)
Weighted average of ordinary shares for the purpose of basic loss per share	3,519,252,093	2,071,168,125

The weighted average number of ordinary shares for the period ended 30 June 2007 for the purpose of basic and diluted loss per share has been adjusted pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 17 March 2008 in connection to the share consolidation which was approved by the shareholders.

There were no potential dilutive shares in existence for six months ended 30 June 2008, accordingly, no diluted loss per share has been presented.

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

The changes in the net book value of property, plant and equipment for six months ended 30 June 2008 are analysed as follow:

	Leasehold improvement	Properties under development	Furniture fixture and motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2008 (Audited)	424	126,659	4,470	131,553
Acquisition of subsidiary	3,210	-	4,349	7,559
Depreciation charge for the period	(148)	-	(267)	(415)
At 30 June 2008 (Unaudited)	<u>3,486</u>	<u>126,659</u>	<u>8,552</u>	<u>138,697</u>

10. ACCOUNTS RECEIVABLE

	30 June 2008 (Unaudited) \$'000	31 December 2007 (Audited) \$'000
Accounts receivable	5,688	2,009
Less: Impairment loss on accounts receivable	(1,861)	(1,861)
	<u>3,827</u>	<u>148</u>

Included in accounts receivable are debts which are normally due within 30 days from the date of billing. The aging analysis included as follows:

	30 June 2008 (Unaudited) \$'000	31 December 2007 (Audited) \$'000
0 - 30 days	3,827	148
31 - 365 days	-	-
Over 1 year	1,861	1,861
	<u>5,688</u>	<u>2,009</u>

11. SHARE CAPITAL

	Number of ordinary shares	Nominal value
	'000	\$'000
Authorized:		
At 1 January 2008, ordinary shares of HK\$0.01 each	20,000,000	200,000
Increase in authorized share capital (<i>note i</i>)	30,000,000	300,000
Shares consolidation (<i>note ii</i>)	<u>(18,750,000)</u>	<u>-</u>
At 30 June 2008, ordinary shares of HK\$0.016 each	<u>31,250,000</u>	<u>500,000</u>
	Number of ordinary shares	Nominal value
		\$'000
Issued and fully paid:		
At 1 January 2008, ordinary shares at HK\$0.01 each	5,630,803,450	56,308
Shares consolidation (<i>note ii</i>)	<u>(2,111,551,357)</u>	<u>-</u>
At 30 June 2008, ordinary shares at HK\$0.016 each	<u>3,519,252,093</u>	<u>56,308</u>

Note:

- i. Pursuant to a resolution passed by the shareholders of the Company at the special general meeting held on 17 March 2008, the authorized share capital was increased from HK\$200,000,000 to HK\$500,000,000.
- ii. Pursuant to a resolution passed by the shareholders of the Company at the special general meeting held on 17 March 2008, the Company implemented the Share Consolidation on the basis that every eight issued and unissued Shares of HK\$0.01 each will be consolidated into five Consolidated Shares of HK\$0.016 each.

All new shares issued ranked *pari passu* with the then existing shares in all respects.

12. Convertible Notes

	Liability component of convertible notes \$'000	Equity component of convertible notes \$'000
	<u> </u>	<u> </u>
At 1 January 2008	-	-
Issuance of convertible notes (Note)	269,984	80,016
Imputed interest expenses	562	-
	<u> </u>	<u> </u>
At 30 June 2008	<u>270,546</u>	<u>80,016</u>

Note:

The Company has entered into the Subscription Agreement with the Subscriber whereby the Subscriber has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$444,696,000 to be issued by the Company in three tranches, being the First Convertible Bond in principal amount of HK\$150,000,000, the Second Convertible Bond in principal amount of HK\$200,000,000 and the Third Convertible Bond in the principal amount of HK\$94,696,000 respectively for a term of 3 years for each tranche.

The fair value of the liability component, included in long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The remaining balance represented the equity conversion component, is included in shareholders' equity named as convertible notes reserve.

13. ACCOUNTS PAYABLE

The aging analysis of accounts payable is set out follows:

	30 June	31 December
	2008	2007
	(Unaudited)	(Audited)
	\$'000	\$'000
Due within one month or on demand	1,005	68

14. OPERATING LEASES

At the 30 June 2008, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June	31 December
	2008	2007
	(Unaudited)	(Audited)
	\$'000	\$'000
Within one year	1,473	1,390
In the second to fifth year inclusive	524	1,332
	1,997	2,722

15. SUBSEQUENT EVENTS

On 27 August 2008, the full conversion of an aggregate principal amount of HK\$150,000,000 of the first convertible bond was made by the Subscriber which resulted in 2,083,333,333 conversion shares being issued by the Company on 1 September 2008.

16. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 10 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

In the first half of 2008, the global financial markets were severely affected by the United States sub-prime credit situation and credit contraction, leads to a substantial market level correction was seen in the worldwide securities markets. During the period under review, the Group faced a challenge from rapidly deteriorating in the worldwide securities market, as a result, the Group managed to grasp market opportunities precisely to reduce market risks and shock impacts from the market downturn.

For the six months ended 30 June 2008, the Group recorded a turnover of approximately HK\$25,832,000 (30 June 2007: HK\$82,072,000), representing a decrease of approximately 68.5% as compared with the last corresponding period of 2007. Such decrease was mainly due to the Group trimmed down its securities trading operation which was a result from the Group's professional investment team realised the increase in investment risk in 2008, thereby reducing the Hong Kong stock market investment, so as to protect the interests of the Group and its shareholders.

Turnover generated from the Group's property management had increased to approximately HK\$1,695,000 for the six months ended 30 June 2008, representing an increase of approximately 16.4% as compared to HK\$1,456,000 for the last corresponding period of 2007. Such increase was mainly due to the increase in management building income during the period under review.

During the period under review, the Group recorded a loss of approximately HK\$23,861,000 (30 June 2007: HK\$3,735,000). Such increase was mainly due to a loss from the Group's securities trading operation of approximately HK\$45,110,000 (30 June 2007: HK\$1,823,000) which included an unrealised loss from the change in fair value of the Group's trading securities of approximately HK\$12,966,000 (30 June 2007: HK\$3,477,000).

DIVISIONAL BUSINESS REVIEW

The principal activities of the Group continue to be securities trading, property investment, development and management. An analysis for each of the business operation is set out as follows:

Securities Trading

In the first half of 2008, the global financial markets were severely affected by the United States sub-prime credit situation and credit contraction. The Group has minimised its securities trading operation during the period under review in order to avoid the substantial market correction in the Hong Kong securities market. For the six months ended 30 June 2008, turnover and loss attributable to the Group's securities trading operation were approximately HK\$20,278,000 (30 June 2007: HK\$78,828,000) and HK\$45,110,000 (30 June 2007: HK\$1,823,000) respectively. Most of the securities traded by the Group were mainly "Blue Chip" companies or sizable Chinese enterprises, the Group's investment team will closely monitor the current market situation and will be cautious in making investment decision in order to protect the interests of the Group and its shareholders.

As at 30 June 2008, the Group had trading securities of approximately HK\$7,566,000 (31 December 2007: HK\$15,469,000) and recognised an unrealised loss from the change in fair value of the trading securities of approximately HK\$12,966,000 (30 June 2007: HK\$3,477,000). Due to the adverse market condition, the Group's investment team will closely monitor the current market situation and will be cautious in making investment decision in order to protect the interests of the Group and its shareholders.

Property Investment and Development

Changchun, the PRC

During the period under review, the Group completed the sales and purchase agreement in respect of the acquisition of a shopping mall in Changchun City at a consideration of RMB270,000,000. The Group recorded a negative goodwill of approximately HK\$27,180,000 from this acquisition. For the six months ended 30 June 2008, turnover and profit attributable to the Group's property investment was approximately HK\$3,034,000 (30 June 2007: Nil) and HK\$2,225,000 (30 June 2007: Nil) respectively. The Group is optimistic to the commercial property market of the mainland China due to the high growth of consumer market, particularly in the north-east of China. Therefore, the Group will continue to seek other valuable investment projects in the north-east of China to increase the interests of the Group and its shareholders.

Xian, the PRC

As at 30 June 2008, the Group still held a property development project in Xian which ranked as the second key project of Xian by the local government and is expected to be completed in the end of 2008. The Group's property development team now frequently travels to Xian to closely monitor the process and discuss with the local property developer for the completion stage of the project.

Property Management

For the six months ended 30 June 2008, turnover and profit generated from the property management operation were approximately HK\$1,695,000 (30 June 2007: HK\$1,456,000) and HK\$230,000 (30 June 2007: HK\$156,000) respectively, representing an increase of approximately 16.4% and 47.4% respectively. Such increase was mainly due to an increase in management fee. During the period under review, the Group has one management contract for a high quality villa-type property in Shanghai. The management of the Group is seeking other high quality property management contract to expand the Group's property management operation.

Associates

As at 30 June 2008, the Group has four associate companies which are mainly engaged in the property development, manufacturing and trading of pharmaceutical products in the PRC. During the period under review, the results of the associate companies are promising and the operation of the associate companies continued to expand. For the six months ended 30 June 2008, the Group shared a profit from the associate companies for approximately HK\$2,562,000 (30 June 2007: HK\$1,056,000). The Group is confident and expecting a future return from the associate companies.

PROSPECTS

Having experienced considerable fluctuation in the global financial markets in the first half of the year, a lot of unclear factors are still prevailing in the second half of the year. The sub-prime credit crisis triggered by the fallen real estates market in the United States is unlikely to round off within a short period of time, while the mainland China is facing the dual threats of price inflation and slowing down of economic growth, in which the Group adopts a prudent approach in view of the conditions of the second half of the year. The Group will continue to identify and

pursue investment opportunities and manage the existing investments in accordance with the Group's investment objectives and policies of achieving medium-term growth in profits and capital appreciation. The Board believes that the Group is able to further its investment objectives and to make timely investments as well as to capture opportunities when they arise.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation with internally generated cash flow and proceeds received from funds raising activities. During the period under review, the Group recorded a net cash outflow of approximately HK\$67,879,000, while it was a cash inflow of the last corresponding period of HK\$51,822,000. The net cash outflow for the six months ended 30 June 2008 was mainly due to the payment for the acquisition of investment properties in Changchun City leasehold lands in the PRC.

The Group expressed its gearing ratio as a percentage of bank and other borrowing over total shareholders' equity. As at 30 June 2008, the gearing ratio was 52% (31 December 2007: Nil). Such increase was mainly due to the issuance of convertible bonds during the period under review.

The Group is of good liquidity and sufficient solvent ability, the current ratio was 11.6 for the six months ended 30 June 2008 while it was 33.9 as at 31 December 2007.

As at 30 June 2008, the debt to equity ratio was 0.61 while it was 0.02 as at 31 December 2007. The ratio was calculated by dividing the total liabilities of HK\$314,308,000 (31 December 2007: HK\$7,367,000) by the total shareholders' equity of HK\$517,145,000 (31 December 2007: HK\$460,768,000). The substantial increase in debt to equity ratio was mainly due to the Company issued a convertible bond during the period under review.

The Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The capital structure of the Group as at 30 June 2008 has been summarised below:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Current Assets	143,085	249,987
Current Liabilities	12,336	7,367
Shareholders' equity	517,145	460,768

Current assets mainly comprise cash and bank balances of approximately HK\$108,869,000 (31 December 2007: HK\$176,748,000) and short term loan receivables of HK\$15,000,000 (31 December 2007: Nil).

Current liabilities mainly comprise tax payable, accounts payable, accrual and other payables.

Treasury Policies

During the six months ended 30 June 2008, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the six months ended 30 June 2008, the Group did not employ any financial instruments for hedging purposes and did not engage in foreign currency speculative activities.

BORROWINGS AND BANKING FACILITIES

The Group does not have any bank borrowing as at 30 June 2008 (31 December 2007: Nil).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2008, the Group had no material contingent liabilities (31 December 2007: Nil) and capital commitments (31 December 2007: Nil).

PLEDGE AND CHARGES OF GROUP ASSETS

As at 31 December 2007 and 30 June 2008, the Group does not have any pledged assets.

MATERIAL TRANSACTIONS

1. On 28 December 2007, the Company entered into the acquisition agreement to acquire the entire issued share capital of Chang Chun Rong Xin Economy And Trade Company Limited (“Rong Xin”), a company incorporated in the PRC with limited liability at the consideration of RMB270,000,000. Rong Xin was established in the PRC with limited liability on 24 January 2006 and is principally engaged in the lease of a solely owned commercial property located at 9 Chongqing Lu, Chongyang District, Changchun City, Jilin Province, PRC which has an aggregated commercial area of 9,197.27 square meters. The property is a 7-storey shopping mall in the centre of Changchun City.
2. On 6 February 2008, the Company entered into the convertible bonds subscription agreement with the subscriber, being the substantial shareholder of the Company, whereby the subscriber agreed to subscribe for the convertible bonds in the principal amount of HK\$444,696,000 with conversion price of HK\$0.072 per conversion share to be issued by the Company in three tranches, being the First Convertible Bond in principal amount of HK\$150,000,000, the Second Convertible Bond in principal amount of HK\$200,000,000 and the Third Convertible Bond in the principal amount of HK\$94,696,000 respectively for a term of 3 years for each tranche.

Save as disclosed herein before, the Group had no material transactions, acquisitions/disposals of subsidiaries and associated companies during the six months period under review.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2008, the Group employed 63 (30 June 2007: 60) full time employees in Hong Kong and the PRC. Employee remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits which include year end double pay, mandatory provident fund and medical insurance. Total staff costs for the six months ended 30 June 2008 were approximately HK\$2,619,000 (30 June 2007: HK\$1,886,200).

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2008, the interests of the directors or chief executives of the Company or their respective associates 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") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, were as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chiu Yeung (<i>Note 1</i>)	Held by controlled corporation	468,750	0.01%

Notes:

1. Mr. Chiu Yeung was beneficially interested in all the shares of Jin Tai Finance Company Limited ("Jin Tai") (formerly named "Sunnergy Finance & Investment Limited"). Jin Tai held 468,750 shares in the Company.
2. All interests stated above represent long position.

Other than as disclosed above and save for nominee shares in certain subsidiaries held in trust for the Group, as at 30 June 2008, none of the directors or chief executives of the Company and their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code in the Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company, any of its holding companies or its subsidiaries, a party to any arrangements to enable the directors of the Company or their respective spouse or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The share option scheme adopted by the Company was expired on 23 December 2000. As at 30 June 2008 and up to the date of this report, no new share option scheme has been adopted by the Company.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2008, other than the interests and short positions of the directors or chief executives of the Company disclosed above, persons or companies who had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Qian Yong Wei (Note 1)	Held by spouse/held by controlled corporation	1,095,345,220	31.12%
Xu Zhe Cheng (Note 2)	Held by spouse/held by controlled corporation	1,095,345,220	31.12%
China Wan Tai (Note 3)	Held by controlled corporation	1,095,345,220	31.12%
Universal Union	Beneficial Owner	1,095,345,220	31.12%

Notes:

1. Mr. Qian Yong Wei ("Mr. Qian") held 95,000 shares (95%) in China Wan Tai Group Limited ("China Wan Tai"), the controlling shareholder of the Company. China Wan Tai held 100 shares (100%) in Universal Union Limited ("Universal Union"). Universal Union held 1,095,345,220 shares in the Company.
2. Ms. Xu Zhe Cheng ("Ms. Xu"), Mr. Qian's wife, held 5,000 shares (5%) in China Wan Tai. China Wan Tai held 100 shares (100%) in Universal Union. Universal Union in turn held 1,095,345,220 shares in the Company.
3. These shares are held by Universal Union, a wholly-owned subsidiary of China Wan Tai which is in turn beneficially owned by Mr. Qian and Ms. Xu as to 95% and 5% respectively.
4. All interests stated above represent long position.

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any party who, as at 30 June 2008, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2008.

Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code for the six months period under review.

Audit Committee

The audit committee comprises three independent non-executive directors of the Company, namely Messrs. Mu Xiangming, Cheng Chak Ho and Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee had reviewed the Group's interim results for the six months ended 30 June 2008.

Remuneration Committee

The remuneration committee comprises one executive director, Mr. Chiu Yeung and two independent non-executive directors, namely Messrs. Lo Wa Kei Roy and Cheng Chak Ho. The remuneration committee has adopted terms of reference which are in line with the Code and met once during the period.

Corporate Governance Committee

The corporate governance committee comprises two executive directors of the Company, namely Messrs. Ji Jian Xun and Jin Jiu Xin and an independent non-executive director, Mr. Cheng Chak Ho. The purpose of the establishment of the corporate governance committee is to oversee the Company's corporate governance matters and to ensure the Company has complied with the Code as set out in the Listing Rules. The corporate governance committee had reviewed the issues related to corporate governance for the six months ended 30 June 2008.

Financial Reporting Committee

The financial reporting committee comprises two executive directors of the Company, namely Messrs. Jin Jiu Xin and Chiu Yeung and an independent non-executive director, Mr. Lo Wa Kei Roy. The purpose of the establishment of the financial reporting committee is to oversee the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Company and its subsidiaries and of the results and cash flow for that period. The financial reporting committee is also responsible to ensure the compliance of disclosure requirement under the Listing Rules in a timely manner.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend our gratitude to customers and shareholders for their continuous support and our staff for their invaluable dedication and contribution in the past period.

On behalf of the Board

Chiu Yeung

Executive Director

Hong Kong, 10 September 2008