

The Board of Directors of Sun Innovation Holdings Limited (the “Company”) presents the unaudited interim financial reports for the six months ended 30th June 2004 of the Company and its subsidiaries (“the Group”) together with the comparative figures in 2003.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED
FOR THE SIX MONTHS ENDED 30TH JUNE 2004**

		Six months ended 30th June	
		2004	2003
	Note	HK\$'000	HK\$'000
Turnover	2	33,097	23,358
Cost of sales		(18,021)	(12,250)
Gross profit		15,076	11,108
Other revenues		996	393
Operating expenses		(32,849)	(23,288)
Impairment of goodwill		(27,978)	–
Loss on disposal of subsidiaries		(1,006)	–
Operating loss	2, 3	(45,761)	(11,787)
Finance costs		(2,628)	(303)
Loss before taxation		(48,389)	(12,090)
Tax (charge)/credit	4	(4)	409
Loss after taxation		(48,393)	(11,681)
Minority interests		1,049	215
Loss for the period attributable to shareholders		(47,344)	(11,466)
Basic loss per share	6	HK cents 1.01	HK cents 0.27