SUN MAN TAI HOLDINGS COMPANY LIMITED

新萬泰控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 2007, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007 (in HK Dollars)

	Notes	**2007 (Unaudited) $'000**	2006 (Unaudited) $'000
Turnover	2	**82,072**	4,716
Cost of sales		**(78,475)**	(2,290)
Gross profit		**3,597**	2,426
Other revenue		**2,332**	6,322
Administrative expenses		**(7,271)**	(5,249)
Other operating expenses		**(5,326)**	–
(Loss)/Profit from operations	3	**(6,668)**	3,499
Finance costs	4	**–**	(517)
Share of results of an associate		**1,056**	–
(Loss)/Profit before tax		**(5,612)**	2,982
Taxation	5	**1,202**	–
(Loss)/Profit for the period		**(4,410)**	2,982
Attributable to:			
Equity holders of the Company		**(3,735)**	2,516
Minority interests		**(675)**	466
		(4,410)	2,982
(Loss)/Earnings per share	6		
– Basic		**(0.13) HK cents**	0.08 HK cents
– Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007 (in HK Dollars)

	Notes	30 June 2007 (Unaudited) $'000	31 December 2006 (Audited) $'000
ASSETS			
Non-current assets			
Property, plant and equipment		**145,305**	144,346
Goodwill		**12,591**	12,591
Intangible assets		**34,269**	36,119
Interest in an associate		**28,031**	25,084
		220,196	218,140
Current assets			
Accounts receivable	8	**894**	1,274
Prepayments, deposits and other receivables		**2,888**	2,918
Financial assets at fair value through profit or loss		**45,143**	–
Investment deposits		**–**	83,480
Loan receivables		**30,765**	45,000
Cash and bank balances		**74,134**	22,312
		153,824	154,984
Non-current assets classified as held for sale		**–**	21,200
		153,824	176,184
Total assets		**374,020**	394,324
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**33,139**	33,139
Reserves		**316,685**	320,412
		349,824	353,551
Minority interests		**14,985**	15,660
Total equity		**364,809**	369,211

	Notes	30 June 2007 (Unaudited) $'000	31 December 2006 (Audited) $'000
LIABILITIES			
Current liabilities			
Bank loans (secured)		**–**	14,823
Accounts payable	9	**4,582**	201
Other payables and accrued expenses		**2,844**	7,107
Tax payable		**1,785**	2,982
		9,211	25,113
Total liabilities		**9,211**	25,113
Total equity and liabilities		**374,020**	394,324
Net current assets		**144,613**	151,071
Total assets less current liabilities		**364,809**	369,211
Net assets		**349,824**	353,551

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2007 (in HK Dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 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 interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, the number of new standard, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

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 period beginning on or after 1 January 2009
2. Effective for annual period beginning on or after 1 March 2007
3. Effective for annual period beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

(a) Business Segments

	Property leasing (Unaudited)		Interest income (Unaudited)		Property management (Unaudited)		Securities Trading (Unaudited)		Consolidated (Unaudited)	
	Six months ended 30 June									
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment revenue	**-**	486	**1,788**	502	**1,456**	3,728	**78,828**	–	**82,072**	4,716
Segment results	**-**	393	**1,788**	502	**156**	1,531	**(1,823)**	–	**121**	2,426
Other revenue									**2,332**	6,322
Administrative expenses									**(7,271)**	(5,249)
Other operating expenses									**(1,850)**	–
(Loss)/Profit from operations									**(6,668)**	3,499
Finance costs									**-**	(517)
Share of results of an associate									**1,056**	–
(Loss)/Profit before tax									**(5,612)**	2,982
Taxation									**1,202**	–
(Loss)/Profit for the period									**(4,410)**	2,982

(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.

	Hong Kong (Unaudited)		Rest of the PRC (Unaudited)		Consolidated (Unaudited)	
	Six months ended 30 June					
	2007	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover	**78,828**	486	**3,244**	4,230	**82,072**	4,716
(Loss)/Profit from operations	**(4,336)**	393	**(2,332)**	3,106	**(6,668)**	3,499
Segment assets	**47,234**	47,700	**326,786**	403,067	**374,020**	450,767
Segment liabilities	**5,143**	15,783	**4,068**	14,607	**9,211**	30,390
Capital expenditure incurred during the period	**563**	47	**100**	129	**663**	176

3. (LOSS)/PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Amortisation of intangible assets	**1,849**	–
Depreciation of property, plant and equipment	**663**	1,010
Operating lease rentals in respect of land and buildings	**524**	110
Changes in fair value of financial assets through profit or loss	**3,477**	–
Royalty income	**(740)**	–
Compensation interest payment received	**(1,502)**	–

4. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Interest on bank loans and overdraft repayable within 5 years	**–**	517

5. TAXATION

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Provision for the period	**–**	–
Over-provision in prior periods	**(1,202)**	–
	(1,202)	–

No provision for Hong Kong profits tax has been made in the interim financial statements as the Group's operation in Hong Kong incurred a tax loss for the period (30 June 2006: Nil).

No provision for other jurisdictions has been made for the period since the Group has no estimated assessable profits arised for the period.

Deferred tax assets have not recognised in the interim financial statements in respect of estimated tax losses due to the unpredictability of future profit streams (30 June 2006: Nil).

6. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
(Loss)/Earnings for the period for the purpose of basic (loss)/earnings per share (in $'000)	**(3,735)**	2,516
Weighted average of ordinary shares for the purpose of basic (loss)/earnings per share	**3,313,869,000**	3,313,869,000

There were no potential dilutive shares in existence for six months ended 30 June 2007, accordingly, no diluted (loss)/earnings per share has been presented.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the current period (30 June 2006: Nil).

8. ACCOUNTS RECEIVABLE

	30 June	31 December
	2007	2006
	(Unaudited)	(Audited)
	$'000	*$'000*
Accounts receivable	**894**	3,135
Less: Impairment loss on accounts receivable	**–**	(1,861)
	894	1,274

Included in accounts receivable are debts which are due within 30 days from the date of billing.

9. ACCOUNTS PAYABLE

The aging analysis of accounts payable is set out as follows:

	30 June 2007 (Unaudited) *$'000*	31 December 2006 (Audited) *$'000*
Due within one month or on demand	**4,582**	201

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the period under review, the Group recorded a turnover of approximately HK$82,072,000 (30 June 2006: HK$4,716,000), representing an increase of approximately 17 times as compared with the last corresponding period of 2006. Such increase is mainly attributable to the Group continue to expand its securities trading operation which recorded a turnover of approximately HK$78,828,000 for the six months ended 30 June 2007 whereas there was no turnover generated for the last corresponding period of 2006. In addition, interests income received during the six months ended 31 June 2007 also increased to approximately HK$1,788,000, representing an increase of approximately 2.5 times as compared to approximately HK$502,000 for the last corresponding period of 2006.

Apart from this, after the disposal of the Group's investment properties in January 2007, there was no turnover generated from the Group's property leasing operation during the period under review. Moreover, turnover generated from the Group's property management had also decreased to approximately HK$1,456,000 for the six months ended 30 June 2007, representing a decrease of 61% as compared to HK$3,728,000 for the last corresponding period of 2006.

During the period under review, the Group recorded a loss of approximately HK$4,410,000 (30 June 2006: profit of approximately HK$2,982,000). Such decrease was mainly due to the Group recorded an unreleased loss from the change in fair value of the Group's trading securities of approximately HK$3,477,000 and amortisation of intangible asset of approximately HK$1,849,000. Taking out this effect, the Group recorded an operating profit of approximately HK$916,000.

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 view of the favorable market condition for Hong Kong securities market in recent years, the Group continued to expand its securities trading operation during the period under review and the results were very encouraging. For the six months ended 30 June 2007, turnover and profit attributable to the Group's securities trading operation were approximately HK$78,828,000 and HK$1,654,000 respectively. Most of the securities purchased by the Group were mainly "Blue Chip" companies or sizable Chinese enterprises which aimed to reduce the market risk associated with the securities.

As at 30 June 2007, the Group had trading securities of approximately HK$45,143,000 and recognised a loss from the change in fair value of the trading securities of approximately HK$3,477,000. Those securities held by the Group had been subsequently sold at profits, 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 interest of the Group and its shareholders.

Property Investment
Hong Kong
During the period under review, the Group disposed all of its investment properties in Hong Kong in January 2007 and there was no investment property held by the Group as at 30 June 2007. As such, during the period under review, there was no rental income generated from property leasing operation (30 June 2006: HK$486,000). Nevertheless, the Group will continue to seek other high quality properties with sound rate of return in Hong Kong for investment in the coming future.

Xian, the PRC
The property project was commenced in 2002 and ranked as the second key project of Xian by the local government. As at 30 June 2007, the costs of this property development project were approximately HK$141 million. The property development project is a high-class villa-type residential construction project in Xian and is expected to be completed in early 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 2006, turnover generated from the property management operation was approximately HK$1,456,000 (30 June 2006: HK$3,728,000), representing a decrease of approximately 61%. Such decrease was mainly due to the Group had terminated one property management contract in last year. During the period under review, the Group still maintained 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 2007, the Group has an associate company which was principally engaged in the manufacturing and trading of pharmaceutical products in the PRC. During the period under review, the results of the associate company are promising and the operation of the associate company continued to expand. For the six months ended 30 June 2007, the Group shared a profit from the associate company for approximately HK$1,056,000. The Group is confident and expecting a future return from the associate company.

PROSPECTS

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 investment 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 remaining portion of the net proceeds from funds raising activities. During the period under review, the Group recorded a net cash inflow of approximately HK$51,822,000, compared to the net cash inflow of the last corresponding period of HK$12,402,000.

The Group expressed its gearing ratio as a percentage of bank borrowing over total shareholders' equity. As at 30 June 2007, the gearing ratio was nil (31 December 2006: 0.04).

The Group is of good liquidity and sufficient solvent ability, the current ratio increased from 7.0 as at 31 December 2006 to 16.7 for the six months ended 30 June 2007.

As at 30 June 2007, the debt to equity ratio was 0.03 while it was 0.07 as at 31 December 2006. The ratio was calculated by dividing the total liabilities of HK$9,211,000 (31 December 2006: HK$25,113,000) by the total shareholders' equity of HK$349,824,000 (31 December 2006: HK$353,551,000).

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 2007 has been summarised below:

	30 June 2007 *HK$'000*	31 December 2006 *HK$'000*
Current Assets	**153,824**	176,184
Current Liabilities	**9,211**	25,113
Shareholders' equity	**349,824**	353,551

Current assets mainly comprise cash and bank balances of approximately HK$74,134,000 (31 December 2006: HK$22,312,000) and short term loan receivables of HK$30,765,000 (31 December 2006: HK$45,000,000).

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

Treasury Policies

During the six months ended 30 June 2007, 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 2007, 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 total bank borrowing of the Group as at 30 June 2007 was nil (31 December 2006: HK$14,823,000, which was denominated in Hong Kong dollars).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2007, the Group had no material contingent liabilities (31 December 2006: Nil) and capital commitments (31 December 2006: Nil).

PLEDGE AND CHARGES OF GROUP ASSETS

There was no assets had been pledged to secure any bank borrowings as at 30 June 2007. As at 31 December 2006, properties with net book value of approximately HK$21,200,000 had been pledged to secure the mortgage loan of the Group.

MATERIAL TRANSACTIONS

(i) On 5 January 2007, Master Venture Limited and Express Century Limited, indirect wholly-owned subsidiaries of the Company, entered into two sale and purchase agreements with an independent third party to dispose of the investment properties at a total consideration of HK$21,200,000.

(ii) On 26 March 2007, Sun Man Tai International Architectural Decoration Design Co., Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a termination agreement with an independent third party in relation to the acquisition of the entire equity interest of Shanghai Minhang Weixing Horticultural Land ("Weixing"). As the vendor cannot fulfil the requirement according to the time schedule set out in the agreement regarding the acquisitions of Weixing, both the vendor and the Purchaser agreed to terminate the agreement, consideration of HK$83,479,610 already paid by the Purchaser and the interest penalty of HK$1,502,633 has been refunded and paid by the vendor to the Purchaser during the period under review.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2007, the Group employed 60 (30 June 2006: 55) 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 2007 were approximately HK$1,886,200 (30 June 2006: HK$1,761,000).

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 2007.

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 (the "Code Provision(s)") 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 2007 except the following:

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company had appointed Mr. Guan Guoxing as the executive director of the Company and the chairman of the Board on 12 December 2006 and 12 January 2007 respectively. Mr. Chiu Yeung, executive director of the Company, had also been appointed as the chief executive officer of the Company on 12 January 2007.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 2007.

PUBLICATION OF THE DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The result announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.sunmantai.com.hk. The 2007 interim report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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, 24 September 2007

As at the date of this announcement, the executive directors are Mr. Guan Guoxing, Mr. Jin Jiu Xin, Mr. Chiu Yeung, Mr. Ren Jun Tao, and Mr. Ji Jian Xun; the independent non-executive directors are Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho.