

The Board of Directors of Sun Innovation Holdings Limited (the "Company" and formerly known as Mansion Holdings Limited) presents the unaudited interim financial report which comprises the condensed consolidated profit and loss account, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the six months ended 30th June 2003 of the Company and its subsidiaries (the "Group") and the condensed consolidated balance sheet of the Group as at 30th June 2003, together with the comparative figures of 2002.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH JUNE 2003

	Note	Unaudited Six months ended 30th June	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	23,358	33,892
Cost of sales		(12,250)	(20,280)
Gross profit		11,108	13,612
Other revenues		393	37
Operating expenses		(23,288)	(23,584)
Operating loss	3	(11,787)	(9,935)
Finance costs		(303)	(251)
Loss before taxation		(12,090)	(10,186)
Tax credit/(charge)	4	409	(172)
Loss after taxation		(11,681)	(10,358)
Minority interests		215	(959)
Loss for the period attributable to shareholders		(11,466)	(11,317)
Basic loss per share	6	HKcents 0.27	HKcents 0.27

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2003**

	Note	Unaudited 30th June 2003 HK\$'000	Audited 31st December 2002 HK\$'000
Non-current assets			
Intangible assets		14,591	16,964
Fixed assets	7	154,745	148,172
		169,336	165,136
Current assets			
Inventories		8,216	8,565
Trade and other receivables	8	23,929	26,045
Tax recoverable		216	–
Pledged bank deposits		1,053	–
Cash and bank balances		5,436	5,192
		38,850	39,802
Current liabilities			
Trade and other payables	9	17,208	28,581
Provisions	10	3,250	2,500
Taxation payable		236	599
Short-term bank loans – secured		1,740	1,707
Bank overdrafts – secured		3,376	6,568
		25,810	39,955
Net current assets (liabilities)		13,040	(153)
Total assets less current liabilities		182,376	164,983
Financed by:			
Share capital		43,824	418,243
Reserves		120,468	(262,485)
Shareholders' funds		164,292	155,758
Minority interests		9,010	9,225
		173,302	164,983
Long-term loan – secured		9,074	–
		182,376	164,983

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2003**

	Unaudited	
	Six months ended	
	30th June	
	2003	2002
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(3,801)	(15,967)
Net cash used in investing activities	(2,634)	(10,120)
Net cash generated (used) in financing activities	9,871	(225)
Increase (decrease) in cash and cash equivalents	3,436	(26,312)
Cash and cash equivalents at 1st January	(1,376)	32,614
Cash and cash equivalents at 30th June	2,060	6,302
Analysis of balances of cash and cash equivalents		
Bank balances and cash	5,436	6,302
Bank overdraft	(3,376)	-
	2,060	6,302

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE 2003**

	Share capital HK\$'000	Share premium HK\$'000	Reserve on consolidation HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January 2003	418,243	257,073	3,000	-	(522,558)	155,758
Issue of shares	20,000	-	-	-	-	20,000
Capital reduction	(394,419)	(257,073)	-	651,492	-	-
Transfer	-	-	-	(530,562)	530,562	-
Loss for the period	-	-	-	-	(11,466)	(11,466)
At 30th June 2003	43,824	-	3,000	120,930	(3,462)	164,292

	Share capital HK\$'000	Share premium HK\$'000	Reserve on consolidation HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January 2002	418,243	257,073	3,000	(518,600)	159,716
Loss for the period	-	-	-	(11,317)	(11,317)
At 30th June 2002	418,243	257,073	3,000	(529,917)	148,399

Notes to the condensed accounts:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts of Sun Innovation Holdings Limited, formerly known as Mansion Holdings Limited, (the "Company") and its subsidiaries (together the "Group") as at and for the six months ended 30th June 2003 have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 (revised) – Interim Financial Reporting issued by the Hong Kong Society of Accountants ("HKSA").

The unaudited condensed consolidated accounts should be read in conjunction with the annual accounts of the Group as at and for the year ended 31st December 2002.

The accounting policies and method of computation used in the preparation of the condensed consolidated accounts are consistent with those used in the annual accounts as at and for the year ended 31st December 2002 except that the Group has changed its accounting policy with respect to deferred taxation following the adoption of SSAP 12 (revised) – Income Taxes issued by the HKSA, which is effective for accounting periods commencing on or after 1st January 2003.

In prior years, deferred taxation was provided for at the current taxation rate in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. Under SSAP 12 (revised), deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts, based on the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The adoption of SSAP12 (revised) has no significant effect on the Group's results and financial positions for the current or prior accounting periods.

2. Turnover and segment information

In the second half year of 2002, the Group disposed of certain of its wholly-owned subsidiaries which were principally engaged in building services contracting activities for installation of fire protection and fighting systems to independent third parties. Subsequent to the disposal, the Group has reorganised its operational structure and classified its operations as follows:

- (i) fire protection and suppression;
- (ii) property investment; and
- (iii) telecommunications.

Comparative figures have been reclassified to confirm to the current period's presentation.

An analysis of the Group's revenues and results for the period by business segment is as follows:

	Six months ended 30th June 2003			
	Continuing operations			
	Fire protection and suppression	Property investment	Telecom- munications	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	21,595	1,754	9	23,358
Segment results	(2,048)	(481)	(1,083)	(3,612)
Unallocated revenue				393
Unallocated costs				(8,568)
Finance costs				(303)
Loss before taxation				(12,090)
Taxation				409
Minority interests				215
Loss attributed to shareholders				(11,466)

2. Turnover and segment information (continued)

	Six months ended 30th June 2002				
	Continuing operations		Discontinued operations	Total	
	Fire protection and suppression HK\$'000	Property investment HK\$'000	Total HK\$'000	Building services contracting HK\$'000	HK\$'000
Revenue	20,939	2,010	22,949	10,943	33,892
Segment results	2,625	1,972	4,597	(2,851)	1,746
Interest income			37	–	37
Unallocated costs			(11,718)	–	(11,718)
Finance costs			(251)	–	(251)
Loss before taxation			(7,335)	(2,851)	(10,186)
Taxation			(172)	–	(172)
Minority interests			(959)	–	(959)
Loss attributed to shareholders			(8,466)	(2,851)	(11,317)

An analysis of the Group's revenue and contribution to operating profit/(loss) for the period by geographical segment is as follows:

	Revenue		Contribution to profit/(loss)	
	Six months ended 30th June		Six months ended 30th June	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Continuing operations				
Hong Kong	15,767	14,791	(9,024)	(10,025)
Mainland China	7,984	8,195	(2,442)	1,559
	23,751	22,986	(11,466)	(8,466)
Discontinued operations				
Hong Kong	–	10,943	–	(2,851)
	23,751	33,929	(11,466)	(11,317)

3. Operating loss

Operating loss is stated after crediting/charging the following:

	Six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
<i>Crediting</i>		
Gain on disposal of a subsidiary	-	2,015
Write-back of unclaimed payables	-	2,020
<i>Charging</i>		
Loss on disposal of fixed assets	6	28
Provision for litigation cases	750	-
Staff costs (including directors' emoluments)	7,880	11,363
Amortisation of goodwill and patent	2,373	2,232
Depreciation of fixed assets	1,903	2,506

4. Taxation

The amount of tax credit/(charge) in the condensed consolidated profit and loss accounts represents:

	Six months ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Current tax		
Hong Kong profits tax		
- over provision in prior years	494	-
Overseas tax	(85)	(172)
Tax credit/(charge)	409	(172)

No provision has been made for Hong Kong profits tax as the Group has no assessable profits for the current period. The tax overprovided for the prior years represents Hong Kong profits tax provided at the rate of 16% on the assessable profit of the prior years.

Overseas tax for the period represents the provision for People's Republic of China income tax at the rate of 33% on the estimated assessable income of the Group for the period.

5. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2003 (six months ended 30th June 2002: Nil).

6. Loss per share

The calculation of basic loss per ordinary share is based on the Group's loss attributable to the shareholders of HK\$11,466,000 (2002: loss of HK\$11,317,000) and the weighted average number of 4,301,992,046 (2002: 4,182,438,973) ordinary shares in issue during the six months ended 30th June 2003.

The exercise of share options would have anti-dilutive effect on the basic loss per share and accordingly no diluted loss per share for the period is presented.

7. Significant capital expenditure

During the period, the Group purchased fixed assets totalling HK\$8,482,000.

8. Trade receivables

The Group normally allows an average credit period of 60 days to trade customers. Included in trade and other receivables are trade receivables and their ageing analysis as at 30th June 2003 is as follows:

	30th June 2003	31st December 2002
	HK\$'000	HK\$'000
0 – 30 days	3,820	4,061
31 – 60 days	3,087	5,891
61 – 90 days	2,711	1,779
Over 90 days	3,860	6,813
	13,478	18,544

9. Trade payables

Included in trade and other payables are trade payables and their ageing analysis as at 30th June 2003 is as follows:

	30th June 2003	31st December 2002
	HK\$'000	HK\$'000
0 – 30 days	3,120	6,595
31 – 60 days	1,373	1,780
61 – 90 days	1,248	762
Over 90 days	2,538	1,208
	8,279	10,345

10. Provision

During the period ended 30th June 2003, the Company made an additional provision of HK\$750,000 for an outstanding exposure in an outstanding litigation against the Company's performance guarantee given in 1997 for contract undertaken by a former associated company of the Group.

BUSINESS REVIEW

The Year 2003 is a new milestone to the Group and new challenge to the new management of the Group who was appointed on 14th March 2003. The incidence of Severe Acute Respiratory Syndrome ("SARS"), which swept across Hong Kong, PRC and other Asian countries and cities in March this year, has further plagued the local and PRC economy in such global economic stagnancy.

The consolidated turnover of the Group amounted to HK\$23,358,000, decreased by 31.1% when compared to that of the corresponding period last year which includes the turnover of the discontinued operations. Gross profit amounted to approximately HK\$11,108,000, dropped by 18.4%. Loss for the period attributable to shareholders amounted to HK\$11,466,000, enlarged by 1.3% as compared to that of the corresponding period last year.

BUSINESS REVIEW (continued)

The shareholders' funds were increased to HK\$164,292,000 and the net current assets amounted to HK\$13,040,000 as at 30th June 2003, instead of net current liabilities of HK\$153,000 as at 31st December 2002.

Fire Protection and Suppression Segment

The Fire Protection and Suppression Segment maintained stable business and its revenue of the period under review was HK\$21,595,000 which is similar to that of the corresponding period last year. However, the Segment suffered a loss of approximately HK\$2,048,000 because the joint venture in Shanghai, PRC ("Mansion Wananda") faced unexpected downturn of business during SARS period and lower gross profit margin. In Hong Kong, the Segment continued to perform the fire services improvement works to the government buildings under the Architectural Services Department's term contracts and carry out the fire services maintenance work for our major clients, e.g. Hsin Chong Real Estate Management Limited, Hong Kong Conventional Exhibition Centre, CLP Property Services Limited, MTRC and KCRC's Light Rail Division. The workshop in Yuen Long provides the fire extinguisher maintenance services and gas refilling services and has more than 100 clients, including MTRC, Hongkong Land (Property Management) Ltd. and PCCW. Mansion Wananda has successfully solicited some new clients via its established network and the management has been putting more efforts in the costs control to increase the profit margin.

Property Investment Segment

The Group has several investment properties in Hong Kong and Guangzhou, PRC. Most of the properties are leased out.

The turnover of the Property Investment Segment amounted to HK\$1,754,000, a decrease of 12.7% as compared to the corresponding period last year. The decrease of the turnover was resulted by the termination of a 6-year lease of a property situated in Hong Kong. The loss of the Segment was mainly resulted by an increase in depreciation expenses and legal expenses. After then, such property has been successfully leased out.

BUSINESS REVIEW *(continued)*

Telecommunications Segment

The Group established a new Telecommunications Segment in April 2003 and preliminarily launched its first service – the wholesale voice and corporate IDD services in June 2003. As the segment is still in investment stage, the loss of the segment was approximately HK\$1,083,000 for the six months ended 30th June 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to adopt prudent funding and treasury policies. During the period under review, the Group has obtained long-term debt financing to support the operations and the Company had issued shares to settle the prepaid rental and to acquire certain fixed assets. As at 30th June 2003, the Group had cash and bank balances of approximately HK\$6.5 million (including pledged deposit of approximately HK\$1 million), bank overdrafts of approximately HK\$3.4 million and short-term loan of RMB1 million and current portion of long-term bank loan at HK\$0.8 million.

In March 2003, the Group issued 200 million shares to settle the prepaid rental at HK\$13.1 million and to acquire, with HK\$1 million cash, furniture and fixtures from a former tenant. Details of the issue have been made in the announcement dated 7th February 2003.

The Group obtained a long-term loan of HK\$10 million from a financial institution in April 2003 with the pledge of an investment property in Hong Kong. The loan is repayable by 120 monthly instalments, maturing in 2013. The bank borrowings are interest bearing at prevailing market rates.

In addition, the Group changed its principal banker to DBS Bank (Hong Kong) Limited in June 2003. Accordingly, the previous banking facilities of HK\$15 million were replaced by new banking facilities of HK\$25 million, comprising a HK\$10 million 10-year mortgage loan and HK\$15 million short-term facilities with pledge of an investment property in Hong Kong which was previously pledged to a former principal banker. The new banking facilities are interest bearing at prevailing market rates.

BUSINESS REVIEW (continued)

As at 30th June 2003, the Group has pledged properties with a total net book value of HK\$120 million for banking facilities totalling HK\$35 million and has placed a fixed deposit at US\$135,000 for a short-term loan of RMB1 million.

The Group's gearing ratio, representing the Group's total liabilities divided by the shareholders' funds of the Group, as at 30th June 2003 is 0.21 (at 31st December 2002: 0.26).

CAPITAL REORGANISATION AND NAME CHANGE

The shareholders of the Company had approved a capital reorganisation scheme and the change of the company name on 30th May 2003. Under the reorganisation, par value of each issued share had been reduced from HK\$0.1 per share to HK\$0.01 per share. Details of the capital reorganisation have been disclosed in the circular dated 25th April 2003 and the annual report of the Company for the year ended 31st December 2002.

EXCHANGE RATES EXPOSURE

Most of the income and expenditure of the Group were denominated either in Renminbi or Hong Kong dollars. In view of the stability of the exchange rate between these two currencies, the Group has not been subject to material exchange rate fluctuation exposure and thus no financial instruments have been adopted for hedging purposes.

CONTINGENT LIABILITIES

Save as disclosed in Liquidity and Financial Resources above, as at 30th June 2003, there was a material outstanding litigation which was commenced by a third party contractor in April 2002, claiming against a bank which had served a third party notice to the Company, for a performance bond amounting to HK\$8.6 million given by the Company to a former subsidiary in order for it to undertake an installation project with the third party contractor. The Company issued a fourth party notice to seek recourse from the former subsidiary. The directors, having sought independent legal advice, are of the opinion that the case is unclear at this stage as the amount of liability could not be measured with sufficient reliability. Accordingly, no provision has been made in the accounts in respect of the claim.

EMPLOYEES

The Group adopts a competitive remuneration package for its employees based on their performance. Aside from salary payments, other benefits include contributions to provident fund schemes and medical subsidies. Salary review is conducted annually. The Group has provided various training and development programs and study leave to its staff.

As at 30th June 2003, the Group has 189 employees (including 134 employees in Mansion Wananda) who are remunerated in accordance with job nature and market trend.

PROSPECTS

Looking ahead, under the stringent cost control, the Group will re-evaluate its businesses in Hong Kong and PRC to yield the best return of investment. The Group will acquire and continue to develop potential profitable operations in the telecommunications industry and to explore new business opportunities in promising markets.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 18th May 2001 ("the 2001 Option Scheme") and had granted options to the Group's employees (including executive directors) to subscribe for shares in the Company in August 2001 and any unexercised options granted would be lapsed after 2nd August 2003.

Furthermore, the Company adopted another share option scheme on 16th May 2002 ("the 2002 Option Scheme"), to adopt the changes in the Chapter 17 of the Listing Rules, under which the Company may grant options to any executive or non-executive directors, any executives and employees and those persons who have contributed or will contribute to the Group as incentive schemes and rewards. The Company has granted new options under the 2002 Option Scheme to the employees (including the directors) and a person who will make contribution to the Group in June 2003.

SHARE OPTION SCHEMES (continued)

Details of the share options outstanding as at 30th June 2003 which have been granted under the 2001 Option Scheme and the 2002 Option Scheme are as follows:

2001 Option Scheme

	Subscription price per share	Exercisable period	Granted in August 2001	Lapsed during the period	Options outstanding at 30th June 2003
	HK\$		'000	'000	'000
Directors:					
Yiu Ying Fai	0.10	9/2/2002 -1/8/2003	100,000	-	100,000
Continuous contract employees	0.10	7/2/2002 -1/8/2003	22,060	18,910	3,150

The outstanding options granted in August 2001 were lapsed on 2nd August 2003.

2002 Option Scheme

	Subscription price per share	Exercisable period	Granted in June 2003	Lapsed during the period	Options outstanding at 30th June 2003
	HK\$		'000	'000	'000
Directors:					
Yiu Ying Fai	0.02	2/12/2003 -1/6/2006	43,800	-	43,800
Leung To Kwong, Valiant	0.02	2/12/2003 -1/6/2006	43,800	-	43,800
Continuous contract employees	0.02	2/12/2003 -1/6/2006	33,350	-	33,350
Others	0.02	2/12/2003 -1/6/2006	5,000	-	5,000

SHARE OPTION SCHEMES (continued)

The Directors consider it inappropriate to value the options as a number of factors that are crucial for the valuation cannot be determined accurately. Accordingly, such information is not disclosed in the interim report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30th June 2003, the interests and short positions of the directors and chief executive of the Company and their associates in the shares and the underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of director	<i>Note</i>	Nature of interest	Number of shares
Michele Matsuda	(1)	Corporate	805,570,000

Note:

- (1) 805,570,000 shares in the Company are held by e-Compact Limited, a company wholly owned by Anglo Japan Enterprises Limited and beneficially owned by Mr. Michele Matsuda.

Certain executive directors of the Company have been granted share options under the Company's share option schemes (details are set out under the section of Share Option Schemes above). These constitute interests in underlying share of the Company under the SFO.

Save as disclosed above, as at 30th June 2003, no interests and short position in the shares or underlying shares were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2003, the interests or short positions of the persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of shareholder	<i>Notes</i>	Number of shares
e-Compact Limited	(1)	805,570,000
e-Lux Corporation	(2)	390,000,000

(1) e-Compact Limited held 805,570,000 shares of the Company, representing approximately 18.38% of the issued capital of the Company.

(2) e-Lux Corporation held 390,000,000 shares of the Company, representing approximately 8.90% of the issued capital of the Company.

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

The Company has not redeemed any of its listed securities during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period under review.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2003 with the directors.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company has not been for any part of the accounting period for the six months ended 30th June 2003 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board

Michele Matsuda

Chairman

Hong Kong, 8th September 2003