THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun International Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

Sun International Group Limited
太陽國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8029)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION; AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to Sun International Group Limited

Nuada Limited

Corporate Finance Advisory

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

大華證券(香港)有限公司

GRAND CATHAY SECURITIES (HONG KONG) LIMITED

A notice convening the EGM to be held at 22nd Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong on Friday, 10 July 2009 at 4:00 p.m. is set out on pages 231 to 232 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication.

22 June 2009

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Announcement"	the announcement dated 31 October 2008 whereby the Company announced, among other matters, the Subscription Agreement, the Supplemental Agreement and the Subscription
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	board of Directors
"Business Day"	a day (other than a Saturday and a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"Company"	Sun International Group Limited (stock code: 8029), a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
"Completion"	completion of the Subscription in accordance with the Subscription Agreement and the Supplemental Agreement
"connected persons"	has the meaning ascribed thereto in the GEM Listing Rules
"Director(s)"	director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by completion of the Subscription
"Galileo BVI"	Galileo Capital Group (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Gold Track"	Gold Track Mining and Resources Limited, a company established in the BVI with limited liability
"Gold Track Group"	Gold Track, PT. Tomico Resources, PT. Kapitalindo Management
"Grant Sherman"	Grant Sherman Appraisal Limited, a professional firm of valuers appointed by the Company to provide a valuation report on Gold Track
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board comprising Mr. Fung Kwok Ki, Mr. Pooh Lai Yin, Michael and Mr. Ng Tat Fai, being all the independent non-executive Directors, to advise the Independent Shareholders in respect of the Subscription
"Independent Financial Adviser" or "Grand Cathay"	Grand Cathay Securities (Hong Kong) Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription
"Independent Shareholder(s)"	Shareholders other than Mr. Cheng Ting Kong and his associates
"Independent Third Party"	a third parties independent of the Company and connected person of the Company
"Last Trading Day"	7 October 2008, being the last trading day of the Shares prior to the release of the Announcement

"Latest Practicable Date"	18 June 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Loan"	a loan of US$1,000,000 to Gold Track pursuant to the Loan Agreement
"Loan Agreement"	a conditional loan agreement dated 1 September 2008 entered into between Galileo BVI and Gold Track
"Mine"	the mine area containing iron resources located in Ende Flores, Nusa Tenggara Timur in Indonesia with an aggregate mining area of 4,413 hectares with a total length of 38 km
"Mineral Resources"	the mineral resources extracted from the Mine consisting of iron
"SFO"	the Securities and Futures Ordinaries (Chapter 571 of the Laws of Hong Kong)
"Subscription"	the subscription of the Subscription Shares by Galileo BVI pursuant to the Subscription Agreement and the Supplemental Agreement
"Subscription Agreement"	the conditional subscription agreement dated 8 October 2008 entered into between Galileo BVI and Gold Track in relation to the Subscription
"Subscription Shares"	11,739 issued shares of US$1 each in the capital of Gold Track, being approximately 54% of the entire issued share capital of Gold Track upon Completion
"Supplemental Agreement"	the supplemental agreements dated 23 October 2008 and 4 June 2009 entered into between Galileo BVI and Gold Track in respect of the amendments of certain terms of the Subscription Agreement
"Share(s)"	ordinary share(s) of HK$0.04 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"km"	kilometer(s)
"km^2"	square kilometer(s)
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

Sun International Group Limited
太陽國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8029)

Executive Directors:
Mr. Chau Cheok Wa *(Chairman)*
Mr. Tang Hon Kwong
Ms. Cheng Mei Ching
Mr. Lee Chi Shing, Caesar

Independent non-executive Directors:
Mr. Fung Kwok Ki
Mr. Poon Lai Yin, Michael
Mr. Ng Tat Fai

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:
21st Floor
The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

22 June 2009

To the Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION; AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 1 September 2008, Galileo BVI, a wholly-owned subsidiary of the Company, and Gold Track entered into a loan agreement. Under the Loan Agreement, Galileo BVI is entitled to capitalize the Loan and interests accrued thereon into not less than 51% of the share capital of Gold Track as enlarged by the allotment and issue of additional shares to Galileo BVI. As Gold Track has located the Mine, the Group decided to enter the Subscription Agreement to capitalize the Loan and the interest accrued thereon due from Gold Track to Galileo BVI.

Pursuant to the Subscription Agreement and the Supplemental Agreement, Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo BVI in consideration of Galileo BVI capitalizing the loan of US$1,000,000 (and interests accrued thereon) due from the Gold Track to Galileo BVI. As at 8 October 2008 (the date of signing the Subscription Agreement), the aggregate amount of the Loan and the interests accrued thereon is approximately US$1,005,479.

The Subscription constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, Gold Track is beneficially owned as to 55% by Ms. Yeung So Lai, who is the sister-in-law of Mr. Cheng Ting Kong (a substantial Shareholder). Gold Track is therefore regarded as a connected person of the Company and the Subscription is regarded as a connected transaction under Chapter 20 of the GEM Listing Rules. With regard to the above, Independent Shareholders' approval is required for the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Cheng Ting Kong and his associates are beneficially interested in 140,000,000 Shares. As Mr. Cheng Ting Kong has a material interest in the Subscription, he and his associates are required to abstain from the voting at the EGM on the resolution to approve the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide the Shareholders with, among others, (i) further details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the Supplemental Agreement; (iv) the accountants' report of Gold Track; (v) a business valuation report in relation to Gold Track; (vi) the unaudited pro forma financial information the Enlarged Group; and (vii) a notice of the EGM.

THE SUBSCRIPTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

Date

Subscription Agreement:	8 October 2008
Supplemental Agreement:	23 October 2008 and 4 June 2009

Parties

(i) Gold Track, as issuer; and

(ii) Galileo BVI, a wholly-owned subsidiary of the Company, as subscriber.

Gold Track is an investment holding company having 95% equity interests in PT. Tomico Resources, which in turn have 100% indirect and beneficial interest in PT. Kapitalindo Management by a share pledge arrangement. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, Gold Track is beneficially owned as to 55% by Ms. Yeung So Lai, who is the sister-in-law of Mr. Cheng Ting Kong (a substantial shareholder of the Company).

Pursuant to the Subscription Agreement and the Supplemental Agreement, Gold Track has conditionally agreed to allot and issue the Subscription Shares to Galileo BVI in consideration of Galileo BVI capitalizing the loan of US$1,000,000 (and interests accrued thereon) due from the Gold Track to Galileo BVI. The Subscription Shares, being 11,739 shares of Gold Track, represents approximately 54% of the entire issued share capital of Gold Track as enlarged by the allotment and issue of the Subscription Shares.

Consideration

The consideration for the Subscription Shares is settled by the Galileo BVI by capitalizing the Loan and interests accrued thereon. As at 8 October 2008 (the date of signing the Subscription Agreement) and as at the Latest Practicable Date, the aggregate amount of the Loan and the interests accrued thereon are approximately US$1,005,479 and approximately US$1,075,068.49 respectively.

The terms of the Subscription Agreement, including the Subscription Shares and the consideration were arrived at after arm's length negotiations between the parties after taking into account, among others, the sum of the consideration, the risk factors associated with the Mine as disclosed below in this circular, the business prospects of Gold Track, the possible contribution to the Group from the proceeds generated from exploitation of the Mineral Resources at the Mine. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, PT. Tomico Resources was acquired by the Gold Track at a consideration of US$100,000.

Conditions precedent

Completion is subject to the following conditions precedent:

(i) Galileo BVI being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of Gold Track and its subsidiaries;

(ii) all necessary consents, authorisations and approvals required to be obtained on the part of Gold Track in respect of the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereby having been obtained;

(iii) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder;

(iv) the obtaining of an Indonesian legal opinion (in form and substance satisfactory to Galileo BVI) in relation to the transactions contemplated under the Subscription Agreement and the Supplemental Agreement;

(v) the warranties provided by the Gold Track and the Purchaser under the Subscription Agreement and the Supplemental Agreement remaining true and accurate in all respects;

(vi) the obtaining of a technical report in relation to the Mine prepared by an independent technical personnel appointed by Galileo BVI (in form and substance satisfactory to Galileo BVI and Gold Track);

(vii) the obtaining of a business valuation report in relation to Gold Track prepared by an independent valuer appointed by Galileo BVI (in form and substance satisfactory to Galileo BVI and Gold Track);

(viii) PT. Tomico Resources and PT. Kapitalindo Management having entered into the mining services agreement, under which PT. Tomico Resources will provide mining and exploration and other related services to PT. Kapitalindo Management;

(ix) PT. Kapitalindo Management having entered into the mineral sale agreement with PT. Tomico Resources or another company nominated by the Galileo BVI;

(x) the current Indonesian shareholders of PT. Kapitalindo Management having entered into (1) a loan agreement (under which a certain sum will be borrowed by such Indonesian shareholders) with either Gold Track or PT. Tomico Resources, and (2) a share charge for charging all the shares of PT. Kapitalindo Management they hold in favour of PT. Tomico Resources; and

(xi) the obtaining of a exploitation licence in relation to the Mine by Gold Track Group.

If the above conditions precedent have not been satisfied, or waived by Galileo BVI in respect of conditions precedent (i), (ii), (viii), (ix) and (x), on or before 30 September 2009 (or such later date as the parties thereto may agree), the Subscription Agreement and the Supplemental Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breaches of the terms of the Subscription Agreement and the Supplemental Agreement.

As at the Latest Practicable Date, the conditions (iv), (vi), (vii), (viii), (ix), (x) and (xi) have been fulfilled.

Completion

Completion shall take place on or before the third Business Day after the fulfillment (or waiver) of the conditions precedent referred to above, or such later date as the parties to the Subscription Agreement and the Supplemental Agreement may agree.

Some of the major conditions precedent are further discussed below:

Mining services agreement

As mentioned in condition (viii) above, completion is conditional upon PT. Tomico Resources and PT. Kapitalindo Management having entered into the mining services agreement, under which PT. Tomico Resources will provide all services necessary or related to the extraction of the iron ores for the term stipulated in the Exploitation Permit (as defined in the paragraph headed "PT. Kapitalindo Management" under the section headed "Information on the Gold Track Group"). Such mining services agreement have been entered into as at the Latest Practicable Date.

It is intended that PT. Tomico Resources will undertake all expenditure in relation to the exploitation and will recover its costs by charging PT. Kapitalindo Management a mining services fee which represents the actual cost of mining plus a margin to ensure that PT. Tomico Resources will earn a reasonable return. Moreover, PT. Tomico Resources will provide sales services, including soliciting potential customers of the iron ores.

Gold Track will hire international experts and technical personnel for such services. Moreover, it will enable the Group to gain more experience in mining operations, which will be valuable if the Group will further develop mining business in other parts of the world. Lastly, the mining service agreement will provide an opportunity for the Group to supervise the mining operations of PT. Kapitalindo Management, which can assist the Group in determining whether the Group should demand repayment of the loan given to the Indonesian shareholders of PT. Kapitalindo Management (details will be discussed below).

Mineral sale agreement

As mentioned in condition (ix) above, completion is conditional upon PT. Kapitalindo Management having entered into the mineral sale agreement with PT. Tomico Resources or another company nominated by the Galileo BVI, under which PT. Kapitalindo Management will engage PT. Tomico Resources or another company nominated by Galileo BVI to procure the sale of all the mineral extracted from the Mine throughout the term stipulated in the Exploitation Permit to international or local buyers.

It is expected that the Group will generate a satisfactory revenue and profits from trading of such mineral resources. Such mineral services agreement have been entered into between PT. Kapitalindo Management and PT. Tomico Resources as at the Latest Practicable Date.

Loan agreement and share pledge

As mentioned in condition (ix) above, completion is conditional upon the current Indonesian shareholders of PT. Kapitalindo Management having entered into a loan agreement (under which US$100,000 will be borrowed by such Indonesian shareholders) with either Gold Track or PT. Tomico Resources. Such loan agreement have been entered into between PT. Tomico Resources and the Indonesian shareholders of PT. Kapitalindo Management as at the Latest Practicable Date. The loan is for a term of 10 years or the valid period of the Exploitation Licence. Unless consent is given by PT. Tomico Resources, no prepayment of any part of the loan initiated by the Indonesian shareholders will be permitted. The loan will bear an interest of 5% per annum. The purpose of the loan is to provide funding for the Indonesian shareholders to commence mining operations of PT. Kapitalindo Management. In return, the Indonesian shareholders will provide a security for such loan, by pledging all the shares in PT. Kapitalindo Management to the PT. Tomico Resources.

As a security of such loan, the Indonesian shareholders will pledge all their shares of PT. Kapitalindo Management to PT. Tomico Resources by way of executing a share charge. Such share charge have been executed as at the Latest Practicable Date. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. According to the legal advisors of the Company as to Indonesian laws, as the shares of PT. Kapitalindo Management are pledged to PT. Tomico Resources under the share charge, PT. Tomico Resources will have an equitable or beneficial interest in the shares of the PT. Kapitalindo Management.

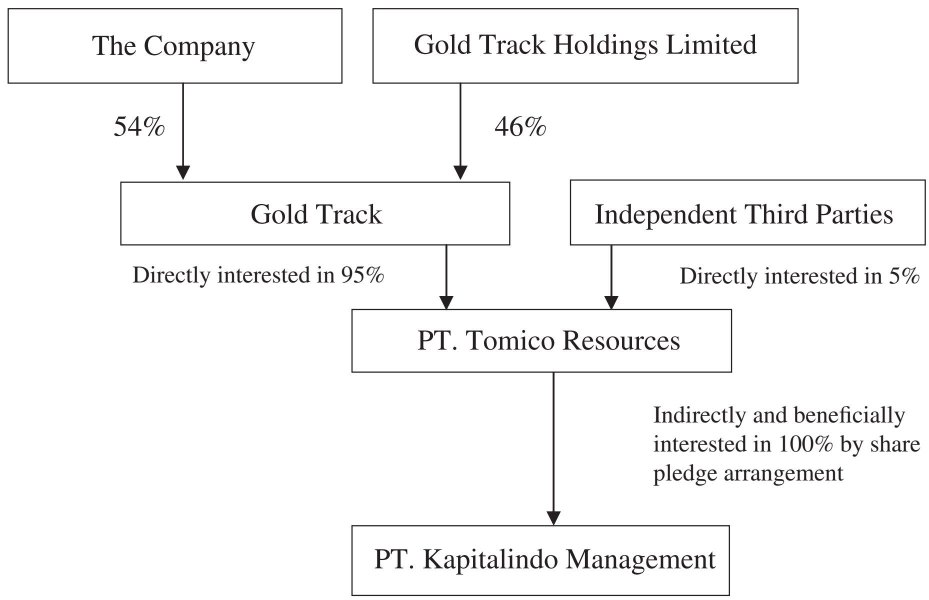
Indonesian legal opinion

As mentioned in condition (iv) under the Subscription Agreement and the Supplemental Agreement above, completion is conditional upon obtaining a satisfactory legal opinion issued by an Indonesian lawyer in relation to the Subscription and the transactions contemplated thereunder. As at the Latest Practicable Date, the Indonesian legal opinion has been obtained by the Company. The Indonesian legal opinion has covered the legality and validity of the loan agreement and share pledge to be signed by the two Indonesian shareholders of PT. Kapitalindo Management, the validity and legality of the mineral sale agreement and the mining services agreements, the business scope of PT. Kapitalindo Management and PT. Tomico Resources, the contents of articles of association of PT. Kapitalindo Management and PT. Tomico Resources, the current registered and paid-up capital of PT. Kapitalindo Management and PT. Tomico Resources, and the types of governmental licences/permits which each of PT. Kapitalindo Management and PT. Tomico Resources has obtained, and the Indonesian taxation and employment laws which are applicable to PT. Kapitalindo Management and PT. Tomico Resources. The Indonesian legal advisers also state in the legal opinion that (i) there are no material defects in the incorporation of PT. Kapitalindo Management and PT. Tomico Resources, and (ii) the share pledge arrangement for the shares of PT. Kapitalindo Management is in compliance with the Indonesian laws, and (iii) the mineral sale agreement and the mining services agreement are valid and enforceable under Indonesian laws. In conclusion, the Board is satisfied with the contents of the Indonesian legal opinion.

INFORMATION ON THE GOLD TRACK GROUP

Shareholding structure of the Gold Track Group

Having confirmed by the Indonesian legal advisers supported by their legal opinion, the following chart sets out the shareholding structure of the Gold Track Group after completion of the Subscription:



According to the audited financial information on Gold Track Group as disclosed in Appendix II to this circular, the audited consolidated net liabilities of Gold Track Group as at 31 March 2009 was approximately HK$247,202, and the audited loss before and after tax were approximately HK$616,117 for the period from 16 May 2008 (date of incorporation) to 31 March 2009.

Gold Track

Gold Track is a company incorporated in the BVI in 16 May 2008 with limited liability and whose entire issued share capital is beneficially owned as to 55% by Ms. Yeung So Lai and as to 45% by independent third parties as at the Latest Practicable Date. Gold Track is principally engaged in the holding of PT. Tomico Resources and PT. Kapitalindo Management.

Gold Track is an investment holding company having 95% equity interests in PT. Tomico Resources.

PT. Tomico Resources

PT. Tomico Resources is a company incorporated in Indonesia in 19 March 2008 with limited liability and whose entire issued share capital is owned as to 95% by Gold Track as at the Latest Practicable Date. As at the Latest Practicable Date, the mining services agreement and mineral sale agreement have been entered into, details of which are set out in the above to this circular.

The audited net assets of PT. Tomico Resources as at 31 March 2009 were approximately HK$3,793,694. According to the audited financial information on PT. Tomico Resources as disclosed in Appendix II to this circular, the audited profit before and after tax were approximately HK$649,704 for the period from 19 March 2008 (date of incorporation) to 31 March 2009.

PT. Tomico Resources is an investment holding company having 100% indirect and beneficial interests in PT. Kapitalindo Management.

PT. Kapitalindo Management

PT. Kapitalindo Management is a company incorporated in Indonesia on 7 November 2006 with limited liability and whose entire issued share capital is wholly owned by two Indonesians, both of whom are independent from the Company and connected persons of the Company as at the Latest Practicable Date. After completion of the Subscription, the entire issued share capital will be wholly beneficially owned by PT. Tomico Resources as a result of the share pledge executed in favour of PT. Tomico Resources. PT. Kapitalindo Management has obtained the relevant governmental approvals and permits on 15 October 2008 in locating and discovering the natural resources in or around Indonesia. As at the Latest Practicable Date, PT. Kapitalindo Management has obtained the exploration permit (license number: PE.312/PUL.1/E/X/2008) (the "**Exploration Permit**") and the exploitation permit (license number: PE.28.a./TU.1/E/I/2009) (the "**Exploitation Permit**"), which were granted by the Indonesian Government Authorities of Officer of Mining and Energy of Ende Regency for exploration and exploitation of the mineral resources in the Mine. The Exploitation Permit is for a term of 5 years, which can be extended for unlimited terms of 5 years each.

The audited net liabilities of PT. Kapitalindo Management as at 31 March 2009 was approximately HK$545,500. According to the audited financial information on PT. Kapitalindo Management as disclosed in Appendix II to this circular, the audited loss before and after tax were approximately HK$746,500 for the period from 1 April 2008 to 31 March 2009.

Upon Completion, Gold Track, PT. Tomico Resources and PT. Kapitalindo Management will become subsidiaries of the Company and their results will be consolidated into the Group's financial statements.

INFORMATION ON THE MINE

The Mine is located in Ende Flores, Nusa Tenggara Timur in Indonesia with an aggregate mining area of 4,413 hectares with a total length of 38 km.

According to the technical assessment report which is prepared by technical officer appointed by Galileo BVI provided by the Company, the Mine is estimated to have the intrinsic economic volume of the magnetic sand resources of approximately 80.60 million tonnes. The beach in the area of Mine are almost covered with iron ore. The iron ore is originated from the seafloor of this area, and used to be the rocks, which contained richer iron, on the island many years ago. After million years of weathering erosion, it was broken into gravel-like sand and washed away to the seabed by nature. The formation of today's iron ore along the beach is the result of washing by big waves for countless times and then washing into the coast again. The ore bodies directly exposed on the surface along the seashore. With reference to the current market price of iron, the prices are ranging from RMB400 per tonne to RMB980 per tonne. Based on the discounted cash flow forecast of Gold Track prepared by Grant Sherman as disclosed in Appendix IV to this circular, the estimated business value of Gold Track is approximately HK$544.1 million.

The technical assessment report will be available to the Shareholders for inspection during normal business hours at the principal office of the Company from the date of this circular up to and including the date of the EGM.

The Mine is located at 3 km away from the local airport, 3.5 km away from the pier and is surrounded by state highway. There are two ways to travel from Jakarta, Indonesia to the Mine: it takes around 4 hours by flight or about a week by sea. With the existing local infrastructure, the Board considers the transportation cost as well as the production cost of the Mine is reduced. The Mine is approximately 2,900 km away from Hong Kong and approximately 3,880 km away from Yang Shan, Shanghai, China. As compared to approximately 16,880 km and 7,020 km away from Brazil and Australia respectively, two of the largest mine suppliers to China in the market, the transportation cost of the Mine to China is lesser. As such, the Board is of the view that Gold Track Group will have a competitive advantage within the mining business.

Having regarded the iron ore body directly exposed on the ground surface along the seashore at the Mine, the Board is of the view that the extraction of the iron ore body from the Mine should not fall within the definition of exploration.

The Exploitation Permit was issued by to PT. Kapitalindo Management on 23 January 2009 and will be valid for period of 5 years, which can be extended for unlimited terms of 5 years each. In addition, according to the advice of the Indonesian legal advisers, PT. Kapitalindo Management should be commencing exploitation work on the Mine within 2 years from the date of the Exploitation Permit. Otherwise, such exploitation rights may be forfeited and/or cancelled by the Indonesian Government Authorities of Officer of Mining and Energy of Ende Regency.

REASONS FOR THE SUBSCRIPTION

The Company is principally engaged in providing services to assist clients on various business or management issues, computer hardware and software services and hotel business. It is always the Group's objective to seek new business projects to enhance the financial performance of the Group.

As shown in the technical report, the exceptionally rich mining resources in Indonesia and the government's policy of opening the market to external developers are all rare and favorable conditions. The Board is optimistic about future prospect in exploration and exploitation business in Indonesia. Indonesia has abundant resources to be discovered and explored. It will provide a great potential for the Group's business growth if the Group is able to step into the natural resources business of Indonesia. As the Board considers that the demand for iron is still high in the foreseeable future, the Subscription will enable the Company to participate in a potentially profitable business. Based on the information provided in the section headed "Information on the Mine", since the estimated value of Gold Track is approximately HK$544.1 million, the Board considers it is worth investing the Gold Track Group. Moreover importantly, the Group will be able to obtain (i) relevant experience in running a mining business; and (ii) business connections in the mining industry, both of which are valuable intangible assets for the Group in case the Group further develops its mining business. However, there are potential risks that may be faced by the Company to engage into natural resources business. Details of the risks are set out in the sub-section headed "Risk factors" below.

RISK FACTORS

Possible risk factors which may be faced by the Company are as follows:

Investments in new business

The Subscription constitutes an investment in the new business sector. The new business, coupled with the regulatory environment, may pose significant challenges on the Group's administrative, financial and operational resources. Since the Group does not have significant experience in the new business, it is not in a position to estimate the possible return from the new business nor is it in a position to control the operation risks.

Continuous capital investment

The mining business requires significant and continuous capital investment. The mine exploration project may exceed the original budgets, and it is not guaranteed to achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Group's budgets because of various factors beyond the Group's control, which in turn may affect the Group's financial condition.

Policies and regulations

The new business is subject to extensive governmental regulations, policies and controls. There can be no assurance that the relevant government authorities (i) will maintain the existing laws and regulations or (ii) will not impose additional or more stringent laws or regulations. Failure to comply with the relevant laws and regulations may adversely affect the Group.

Environmental protection policies

The mining and processing business is subject to environmental protection law and regulations. If the Group fails to comply with existing or future environmental laws and regulations, the Group may be required to take remedial measures, which could have a material adverse effect on the business, operations, financial condition and results of operations of the Group.

FINANCIAL EFFECTS ON THE GROUP

Upon Completion, all members of the Gold Track Group will become indirect wholly-owned subsidiaries of the Company and its accounts will be consolidated into the Group. According to the third quarterly report for the nine months ended 31 December 2008 of the Company, the Group had an unaudited total assets and total liabilities of approximately HK$760,395,658 and HK$48,722,600 respectively as at 31 December 2008. According to the unaudited pro forma consolidated balance sheet of the Enlarged Group as disclosed in Appendix V to this circular, assuming the Subscription took place on 31 December 2008, the total assets of the Enlarged Group would increase to approximately HK$1,300,994,144 and the total liabilities of the Enlarged Group would also increase to approximately HK$52,895,546. As such, the net assets value per Share will increase from approximately HK$0.86 as at 31 December 2008 to approximately HK$1.50 per Share based on the total number of issued Shares of 832,110,000 (calculated as the pro forma net asset value of the Enlarged Group of HK$1,248,098,598 divided by the number of issued Shares of 832,110,000).

The unaudited pro forma financial information of the Enlarged Group has been prepared and set out in Appendix V to this circular to provide details of the financial effect on the Group upon completion of the Subscription to the Shareholders.

Notwithstanding the net liabilities of the Gold Track Group exceeded its total assets of approximately HK$247,202 as at 31 March 2009, the Board confirmed that, after taking into consideration the pro forma financial information of the Enlarged Group as disclosed in Appendix V to this circular, the financial positions of the Group will not be materially and adversely affected.

Shareholders should note that the pro forma financial information is for illustration purpose only. The actual financial effect on the Subscription will be disclosed in the annual report of the Company.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As stated in the unaudited financial statements for the nine months ended 31 December 2008 of the Company, the Board has been seeking opportunities to diversify the Group's income stream in order to enhance Shareholders' value. To align with the initiative to diversify the income stream of the Group, the Board has acquired information technology related business and the hotel and tourism business in the past two years through the acquisition of Loyal King Investments Limited and Superb Kings Limited respectively.

Taking into account of the market potentials of the businesses of the Gold Track Group, and the possible earnings contribution of the Gold Track Group to the Group in the future, the Directors consider that the acquisition of Gold Track Group can broaden the Group's income base and improve its financial performance.

According to the board of directors of Gold Track, it is under negotiation with the independent third parties to acquire a company with an exploration right at another mine field in Indonesia. Such mine may contain manganese, a transition metal which can be used to produce steel. Further announcement will be made by the Company in accordance to the Listing Rules in this regard if such negotiation materializes.

With the business relationship with the management of Gold Track, the Board expects that further acquisition in mining business will be sought. However, save as disclosed above and save for the Subscription, no other acquisition is proposed or under negotiation as at the Latest Practicable Date. The Board also expects that spin-off for a separate listing of mining business on the GEM may be proposed if the profit derived from mining business is sustained in future. The Group will continually seek for any possible investments and will continue its existing businesses.

IMPLICATIONS UNDER THE GEM LISTING RULES FOR THE ACQUISITION OF GOLD TRACK GROUP

The Subscription constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, Gold Track is beneficially owned as to 55% by Ms. Yeung So Lai, who is the sister-in-law of Mr. Cheng Ting Kong (a substantial shareholder of the Company). Gold Track is therefore regarded as a connected person of the Company and the Subscription is regarded as a connected transaction under Chapter 20 of the GEM Listing Rules. With regard to the above, Independent Shareholders' approval is required for the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Cheng Ting Kong and his associates are beneficially interested in 140,000,000 Shares. As Mr. Cheng Ting Kong has a material interest in the Subscription, he and his associates are required to abstain from the voting at the EGM on the resolution to approve the Subscription Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

NOTICE OF EGM

A notice convening the EGM to be held on Friday, 10 July 2009 is set out on pages 231 to 232 of this circular and a form of proxy for use at the EGM is herein enclosed. Ordinary resolutions will be proposed at the EGM to approve the Subscription Agreement and the Supplemental Agreement and the transactions contemplated thereunder. In accordance with the GEM Listing Rules, save for Mr. Cheng Ting Kong and his associates, no Shareholder is required to abstain from voting on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. Pursuant to Rule 17.47(4) of the GEM Listing Rules, resolutions at the EGM will be voted by poll.

As at the Latest Practicable Date, there is not any voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Cheng Ting Kong and his associates, and there is not any obligation or entitlement of Mr. Cheng Ting Kong or his associates whereby each of them has or may have temporarily or permanently passed control over exercise of the voting right in respect of his/its respective Shares to a third party, either generally or on a case-by-case basis.

Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the EGM.

Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the EGM if they so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 19 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolution to approve the Subscription Agreement and the Supplemental Agreement.

The advice of Grand Cathay, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscription Agreement and the Supplemental Agreement are in the interest of the Company and its Shareholders as a whole are set out on pages 20 to 33 of this circular. The Independent Board Committee, having taken into account the advice of Grand Cathay, is of the opinion that the terms of the Subscription Agreement and the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Shareholders and the Company as a whole.

Having considered the reasons set out herein, the Directors, excluding the independent non-executive Directors whose views are expanded in the letter of the Independent Board Committee enclosed in this circular, are of the opinion that the Subscription Agreement and the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend the Shareholders to vote in favour of the ordinary resolution to approve the Subscription Agreement and the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Your faithfully,
By order of the Board
Sun International Group Limited
Chau Cheok Wa
Chairman

Sun International Group Limited
太陽國際集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8029)

22 June 2009

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 22 June 2009 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders as to whether the Subscription is in the best interest of the Company and its Shareholders, and is fair and reasonable so far as the Independent Shareholders are concerned. Grand Cathay has been appointed as the independent financial adviser to advise you and us in this respect.

Having considered the advice of Grand Cathay in relation to the Subscription as set out on pages 20 to 33 of the Circular, we are of the opinion that the terms of the Subscription Agreement and the Supplemental Agreement are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommended that you vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Poon Lai Yin, Michael
Independent Non-executive Director

Mr. Fung Kwok Ki
Independent Non-executive Director

Mr. Ng Tat Fai
Independent Non-executive Director

The following is the text of a letter of advice from Grand Cathay in connection with the Subscription which has been prepared for inclusion in this circular.

大華證券(香港)

GRAND CATHAY SECURITIES (HONG KONG) LIMITED
香港中環花園道3號中國工商銀行大廈7樓705至706室
Room 705-706, 7/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong
Tel: 852-2521-2982 Fax: 852-2521-0085 www.gcsc.com.tw

22 June 2009

*To the Independent Board Committee
and the Independent Shareholders of
Sun International Group Limited*

Dear Sirs,

**VERY SUBSTANTIAL ACQUISITION
AND
CONNECTED TRANSACTION**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders with regard to the Subscription Agreement and the Supplemental Agreement, details of which are set out in the section headed "Letter from the Board" (the "Letter") in the Company's circular dated 22 June 2009 (the "Circular") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 September 2008, Galileo BVI, a wholly-owned subsidiary of the Company, and Gold Track entered into a loan agreement. Under the Loan Agreement, Galileo BVI is entitled to capitalize the Loan and interests accrued thereon into not less 51% of the share capital of Gold Track as enlarged by the allotment and issue of additional shares to Galileo BVI. As Gold Track has located the Mine, the Group decided to enter the Subscription Agreement on 8 October 2008 to capitalize the Loan and the interest accrued due from Gold Track to Galileo BVI.

Pursuant to the Subscription Agreement and the Supplemental Agreement, Gold Track has conditionally agreed to allot and issue 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo BVI in consideration of Galileo BVI capitalizing the loan of US$1,000,000 (and interests accrued thereon) due from Gold Track to Galileo BVI. As at 8 October 2008 (the date of signing the Subscription Agreement), the aggregate amount of the Loan and the interests accrued thereon is approximately US$1,005,479.

The Subscription constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, Gold Track is beneficially owned as to 55% by Ms. Yeung So Lai, who is the sister-in-law of Mr. Cheng Ting Kong (a substantial Shareholder). Gold Track is therefore regarded as a connected person of the Company and the Subscription is regarded as a connected transaction under Chapter 20 of the GEM Listing Rules. The Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder will be therefore subject to the Independent Shareholders' approval at the EGM by way of Poll. As at the Latest Practicable Date, Mr. Cheng Ting Kong and his associates are beneficially interested in 140,000,000 Shares. As Mr. Cheng Ting Kong has material interest in the Subscription, he and his associates are required to abstain from the voting at the EGM on the resolution to approve the Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder.

Mr. Poon Lai Yin, Michael, Mr. Fung Kwok Ki and Mr. Ng Tat Fai, being all the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions to be proposed regarding the Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder. Our role as the Independent Financial Adviser is to give our independent opinion to the Independent Board Committee and Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinion and representations contained or referred to in the Circular and all information, opinion and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinion and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have performed all applicable steps as required under Rule 17.92 of the GEM Listing Rules including the notes thereto. We have relied on such information, opinions and representations but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group and Gold Track Group or the market in which they operate.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Subscription Agreement and the Supplemental Agreement and the relevant legalities of the mining services agreement and mineral sale agreement as mentioned in the Letter. We have assumed that all material governmental, regulatory or other consents, rights, waivers, authorizations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Subscription Agreement, the Supplemental Agreement, the mining services agreement and the mineral sale agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Subscription Agreement, the Supplemental Agreement, the mining services agreement and the mineral sale agreement.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Subscription. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Supplemental Agreement, we have considered the following principal factors and reasons:

(1) Financial performance of the Group, reason for the Subscription and the global demand for iron

__Financial performance of the Group__

The Company is principally engaged in providing services to assist clients on various business or management issues, computer hardware and software services and hotel business.

Set out below is a summary of the audited financial information of the Group for the three years ended 31 March 2008 and the unaudited consolidated income statement of the Group for the nine months ended 31 December 2008 ("Third Quarterly Report 2008") which extracted from the relevant annual reports and the third quarterly report 2008 of the Company, respectively.

	For the nine months ended 31 December	For the year ended 31 March		
	2008	**2008**	**2007**	**2006**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Turnover	133,632,928	44,335,788	1,643,189	2,357,000
Gross profit	100,774,694	35,133,993	1,118,850	1,812,236
Net profit/(loss) attributable to equity holders of the Company	23,133,386	2,386,359	(6,511,635)	(1,931,800)

Note: For reference purpose, the auditors of the Company had issued opinions of fundamental uncertainty relating to the going concern basis for the financial statements for the year ended 31 March 2007 and 2006 due to the liquidity problem of the Company in the above period.

As noted from the above table, the financial performance of the Group had significantly improved after the year end of 2007. The turnaround for the financial year ended 31 March 2008 was mainly due to the acquisition of Loyal King Limited and its subsidiaries ("Loyal King Group") which allowed the Group to commence the information technology related business since 19 December 2007. Details of the acquisition of Loyal King Group are set out in the Company's circular dated 23 November 2007.

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$44.3 million, representing an increase of 2,598% when compared to the turnover of approximately HK$1.6 million in 2007. The turnover generated from information technology related business was approximately HK$33.6 million, representing about 75.8% of the total turnover for the year ended 31 March 2008. As a result of the contribution from information technology related business, the net profit attributable to equity holders of the Company for the year ended 31 March 2008 was approximately HK$2.4 million (2007: loss of HK$6.5 million).

As stated in the Third Quarterly Report 2008, the income from the information technology related business lifted to approximately HK$100.2 million for the nine months ended 31 December 2008.

The Group recorded a turnover of approximately HK$133.6 million for the nine months ended 31 December 2008, representing an increase of 2,039% when compared to the corresponding period in the last fiscal year. Apart from the substantial contribution from information technology related business as mentioned above, the increase in turnover was also due to the revenue generated by Superb Kings Limited which accounted for approximately HK$31.4 million for the nine months ended 31 December 2008. On 20

May 2008, the Company acquired the entire share capital of Superb Kings Limited which is principally engaged in the hotel business in the Philippines. Details of the acquisition of Superb Kings Limited are set out in the circular of the Company dated 10 April 2008.

The unaudited net profit attributable to equity holders of the Company for the nine months ended 31 December 2008 was approximately HK$23.1 million (For the corresponding period in 2007: Loss of HK$18.4 million). As stated in the Third Quarterly Report 2008, the higher profit figure mainly reflected a higher turnover generated by the information technology related business and hotel business acquired in December 2007 and May 2008 respectively.

Reason for the Subscription

We are advised by the Directors that it is always the Group's objective to seek new business projects to enhance the financial performance of the Group.

Based on the information provided in the section headed "Information on the Mine" set out in the Letter, since the estimated value of Gold Track is approximately HK$544.1 million, the Board considers it is worth investing in the Gold Track Group. Moreover importantly, the Group will be able to obtain (i) relevant experience in running a mining business; and (ii) business connections in the mining industry, both of which are valuable intangible assets for the Group in case the Group further develops its mining business.

The global demand for iron

According to Wikipedia, the free encyclopedia on web, iron is the most widely used of all the metals, accounting for approximately 95% of worldwide metal production. It is used primarily in structural engineering applications, and in maritime purposes, automobiles, and general industrial applications. Approximately 98% of the mined iron ore is used to make steel.

As extracted from Wikipedia, China produced 520 metric tons of iron ore, with an annual growth of 38%. Based on China industry research and investment analysis: Iron ore mining industry 2008, China consumes over 50% of the iron ore production so China's iron ore production have not been able to meet domestic demand and it needs to import iron ore from other countries. According to Wikipedia, world consumption of iron ore grows 10% per annum on average with the main consumers being China, Japan, Korea, the United States and the European Union. China is currently the largest consumer of iron ore, which translates to be the world's largest steel producing country.

We have conducted a review on the demand of iron in China. Based on the information from China Customs, China imported a total amount of HK$190.9 billion of iron and steel in 2008, representing an increase of 6.34% as compared to those in 2007.

In view of the current economic stimulation packages (which generally include infrastructure investment) around the world, we are of the view that the demand for iron, hypothetically, will remain strong.

Conclusion

Having considered (i) the reason of the Subscription; and (ii) the global demand for iron as set out in the previous paragraphs, we are of the view that the Subscription represents an opportunity for the Group to further diversify its business into a potential profitable sector which may further enhance the financial performance of the Group as a result. On the above basis, we concur with the Directors' view that the Subscription is in the interests of the Company and its Shareholders as a whole.

(2) The key terms of the Subscription Agreement and the Supplemental Agreement

Pursuant to the Subscription Agreement and the Supplemental Agreement, Gold Track has conditionally agreed to allot and issue 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo BVI in consideration of Galileo BVI capitalizing the loan of US$1,000,000 (and interests accrued thereon) due from Gold Track to Galileo BVI. As at 8 October 2008 (the date of signing the Subscription Agreement), the aggregate amount of the Loan and the interests accrued thereon is approximately US$1,005,479.

Gold Track

Gold Track is an investment holding company having 95% equity interests in PT. Tomico Resources, which in turn have 100% indirect and beneficial interest in PT. Kapitalindo Management by share pledge arrangement. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, Gold Track is beneficially owned as to 55% by Ms. Yeung So Lai, who is the sister-in-law of Mr. Cheng Ting Kong (a substantial shareholder of the Company).

The shareholding structure of the Gold Track Group after completion of the Subscription (subject to the legal opinion of the Indonesian legal advisers) was set out in the Letter. Upon Completion, Gold Track, PT. Tomico Resources and PT. Kapitalindo Management will become subsidiaries of the Company and their results will be consolidated into the Group's financial statements.

PT. Tomico Resources

PT. Tomico Resources is a company incorporated in Indonesia on 19 March 2008 with limited liability and whose entire issued share capital is owned as to 95% by Gold Track as at the Latest Practicable Date. PT. Tomico Resources is an investment holding company having 100% indirect and beneficial interests in PT. Kapitalindo Management.

PT. Kapitalindo Management

PT. Kapitalindo Management is a company incorporated in Indonesia on 7 November 2006 with limited liability and whose entire issued share capital is wholly owned by two Indonesians, both of whom are independent from the Company and connected persons of the Company as at the Latest Practicable Date. After completion of the Subscription, the entire issued share capital will be wholly beneficially owned by PT. Tomico Resources as a result of the share pledge executed in favour of PT. Tomico Resources. PT. Kapitalindo Management has obtained the relevant governmental approvals and permits on 15 October 2008 in locating and discovering the natural resources in or around Indonesia. As at the Latest Practicable Date, PT. Kapitalindo Management has obtained the exploration permit (license number: PE.312/PUL.1/E/X/2008) (the "Exploration Permit") and the exploitation permit (license number: PE.28.a./TU.1/E/I/2009) (the "Exploitation Permit"), which were granted by the Indonesian Government Authorities of Officer of Mining and Energy of Ende Regency for exploration and exploitation of the mineral resources in the Mine. The Exploitation Permit is for a term of 5 years, which can be extended for unlimited terms of 5 years each.

Mining services agreement

As mentioned in condition (viii) of the paragraph headed "Condition precedent" in the Letter, completion is conditional upon PT. Tomico Resources and PT. Kapitalindo Management having entered into the mining services agreement, under which PT. Tomico Resources will provide all services necessary or related to the extraction of the iron ores for the term stipulated in the Exploration Permit.

It is intended that PT. Tomico Resources will undertake all expenditure in relation to the exploitation and will recover its costs by charging PT. Kapitalindo Management a mining services fee which represents the actual cost of mining plus a margin to ensure that PT. Tomico Resources will earn a reasonable return. Moreover, PT. Tomico Resources will provide sales services, including soliciting potential customers of the iron ores.

The mining service agreement will generate revenue for the Group through providing relevant mining services. Gold Track will hire international experts and technical personnel for such services. Moreover, the Directors are of the view that it will enable the Group to gain more experience in mining operations, which will be valuable if the Group will further develop mining business in other parts of the world. Lastly, the mining service agreement will provide an opportunity for the Group to supervise the mining operations of PT. Kapitalindo Management, which can assist the Group in determining whether the Group should demand repayment of the loan given to the Indonesian shareholders of PT. Kapitalindo Management (details will be discussed below).

Mineral sale agreement

As mentioned in condition (ix) of the paragraph headed "Condition precedent" in the Letter, completion is conditional upon PT. Kapitalindo Management having entered into the mineral sale agreement with PT. Tomico Resources or another company nominated by the Galileo BVI, under which PT. Kapitalindo Management will sell all the mineral extracted from the Mine throughout the term stipulated in the Exploration Permit to PT. Tomico Resources or another company nominated by the Galileo BVI.

As stated in the Letter, it is intended that PT. Tomico Resources or another company nominated by the Galileo BVI will on-sell the mineral to other international buyers, and payment under this mineral sale agreement will be made on a monthly basis.

The mineral sale agreement will enable the Group to have a relatively steady supply of the mineral resources, which will be further sold by the Group at a higher price. As stated in the Letter, it is expected that the Group will generate satisfactory revenue and profits from trading of such mineral resources.

Loan agreement and share pledge

As mentioned in condition (x) of the paragraph headed "Condition precedent" in the Letter, completion is conditional upon the current Indonesian shareholders of PT. Kapitalindo Management having entered into a loan agreement (under which US$100,000 will be borrowed by such Indonesian shareholders) with either Gold Track or PT. Tomico Resources. The repayment period of the loan will be 10 years from the date of the loan agreement, or the term of the exploitation licence owned by PT. Kapitalindo Management. However, the Group has the ultimate right to demand early full repayment of the entire loan. Unless written consent is given by Gold Track or PT. Tomico Resources, no prepayment of any part of the loan initiated by the Indonesian shareholders will be permitted. The loan will bear an interest rate of 5% per annum. The purpose of the loan is to provide funding for the Indonesian shareholders to commence mining operations of PT. Kapitalindo Management. In return, the Indonesian shareholders will provide a security for such loan, by pledging all the shares in PT. Kapitalindo Management to the PT. Tomico Resources.

As a security of such loan, the Indonesian shareholders will pledge all their shares of PT. Kapitalindo Management to PT. Tomico Resources by way of executing a share charge. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. According to the legal advisors of the Company as to Indonesian laws, as the shares of PT. Kapitalindo Management are pledged to PT. Tomico Resources under the share charge, PT. Tomico Resources will have an equitable or beneficial interest in the shares of the PT. Kapitalindo Management.

Indonesian legal opinion

As mentioned in condition (iv) of the paragraph headed "Condition precedent" in the Letter, completion is conditional upon obtaining a satisfactory legal opinion issued by an Indonesian legal adviser in relation to the Subscription and the transactions contemplated thereunder. As at the Latest Practicable Date, the Indonesian legal opinion has been obtained by the Company. The Indonesian legal opinion has covered the legality and validity of the loan agreement and share pledge to be signed by the two Indonesian shareholders of PT. Kapitalindo Management, the validity and legality of the mineral sale agreement and the mining services agreement, the business scope of PT. Kapitalindo Management and PT. Tomico Resources, the contents of articles of association of PT. Kapitalindo Management and PT. Tomico Resources, the current registered and paid-up capital of PT. Kapitalindo Management and PT. Tomico Resources, and the types of governmental licences/permits which each of PT. Kapitalindo Management and PT. Tomico Resources has obtained, and the Indonesian taxation and employment laws which are applicable to PT. Kapitalindo Management and PT. Tomico Resources. The Indonesian legal advisers also state in the legal opinion that (i) there are no material defects in the incorporation of PT. Kapitalindo Management and PT. Tomico Resources, and (ii) the share and pledge arrangement for the shares of PT. Kapitalindo Management is in compliance with the Indonesian laws, and (iii) the mineral sale agreement and the mining services agreement. In conclusion, the Board is satisfied with the contents of the Indonesian legal opinion.

Information on the Mine

The Mine is located at 3 km away from the local airport, 3.5 km away from the pier and is surrounded by state highway. There are two ways to travel from Jakarta, Indonesia to the Mine: it takes around 4 hours by flight or about a week by sea. With the existing local infrastructure, the Board considers the transportation cost as well as the production cost of the Mine is reduced. The Mine is approximately 2,900 km away from Hong Kong and approximately 3,880 km away from Yang Shan, Shanghai, China. As compared to approximately 16,880 km and 7,020 km away from Brazil and Australia respectively, the two of the largest iron ore suppliers to China in the market, the transportation cost of the Mine to China is lesser. As such, the Board is of the view that Gold Track Group will have a competitive advantage within the mining business.

We refer to the technical assessment report on the Mine ("Technical Report") performed by an independent third party ("Mining Expert"). The Technical Report principally evaluates the geological resources and previous exploration work of the project according to the site visits and the information provided by Gold Track. Pursuant to the Technical Report, the view points contained in the Technical Report are based on the information provided by Gold Track to the Mining Expert. As such, Gold track has advised the Mining Expert that it has fully disclosed all the information and, to its best knowledge and understanding, the information is complete, accurate and authentic.

The Technical Report is prepared in accordance with the requirements set out in the National Standards on General Regulations for Solid Mineral Exploration of the People's Republic of China (中華人民共和國國家標準 固體礦產勘查規範總則) (GB/T13908 – 2002), Standard Regulations on Geo-exploration of Iron, Manganese and Chrome Ore for the Geology & Mineral Resources Industry of the People's Republic of China (中華人民共和國地質礦產行業標準 鐵、錳、鉻礦地質勘查規範) (DZ/T0200 – 2002) and Standard Regulations on Geo-exploration of Sand Mines (Metal Ores) for the Geology and Mineral Resources Industry of the People's Republic of China (中華人民共和國地質礦產行業標準 砂礦(金屬礦產)地質勘查規範) (DZ/T0208 – 2002), and is recognised by the Mining Expert as a "technical assessment report" complying with the requirements. According to the Technical Report, all the requirements mentioned above have binding force upon the geo-exploration conducted in the People's Republic of China.

Based on the Technical Report, the total intrinsic economic resources of iron sand within the explored area fixed by the geo-exploration staff of Gold Track was estimated to be 80.60 million tons as at 31 October 2008.

We would like to remind the Independent Shareholders that the iron reserves of the Mine may not conform to the estimated level as stated in the Technical Report performed by the Mining Expert. Any failure in discovering iron or in attaining commercial production may adversely affect the investment return of the Subscription, in particular, exploration, development and production risk as well as operation and environmental and sovereign risk may occur in the Mine. Normal market risk conditions also apply including commodity price, currency fluctuations, supply and demand and general economic outlook. Independent Shareholders are also advised to pay attention to the risk factors associated with the Subscription disclosed in the paragraph headed "Risk Factors" in the Letter.

Consideration and business valuation

The consideration for the Subscription Shares is settled by the Galileo BVI by capitalizing the Loan and interests accrued thereon. As at 8 October 2008 (the date of signing the Subscription Agreement) and as at the Latest Practicable Date, the aggregate amount of the Loan and the interests accrued thereon is approximately US$1,005,479 and approximately US$1,075,068.49 respectively.

Given the capitalization of the Loan and the accrued interests will only be completed upon the Completion, we consider the payment term of the consideration fair and reasonable with no irregularity noted.

The terms of the Subscription Agreement, including the Subscription Shares and the consideration were arrived at after arm's length negotiations between the parties after taking into account, among others, the consideration, the risk factors associated with the Mine as disclosed in the Circular, the business prospects of Gold Track, the possible contribution to the Group from the proceeds generated from exploitation of the Mineral Resources at the Mine. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, PT. Tomico Resources was acquired by Gold Track at a consideration of US$100,000.

According to the business valuation report in respect of the fair value of a 100% equity interest in the business entity of Gold Track prepared by Grant Sherman Appraisal Limited (the "Valuer"), the text of which is set out in Appendix IV to the Circular ("Valuation Report"), the fair value of 100% equity interest in the business entity of Gold Track as at 31 March 2009 is HK$544,100,000.

We have discussed with the Valuer regarding, among other things, the assumptions, bases and methodologies adopted therein. We have reviewed the key assumptions adopted in the Valuation Report and noted that the Valuer used a 50% recovery rate on the 80.6 million tons of iron, i.e. 40.3 million, and an average selling price of iron at US$85 per ton during the period from 2009 to 2021.

According to the Technical Report, the Mine is classified as category 333 based on China's Solid Minerals Resource Classifications. As suggested by the China's mining rights assessment guidance (礦業權評估指南), the range of 50% to 80% of recovery rate for category 333 resource should be adopted. For prudence sake, the Valuer has used a recovery rate at 50% and we consider such assumption is reasonable.

Regarding the average selling price of iron at US$85 per ton, apart from reviewing the market data provided by the Company, we have conducted our market research and found that the market price of iron powder in the PRC was around US$82 per ton to US$86 per ton, which were closed to the average selling price of iron adopted by the Valuer.

As stated in the Valuation Report, the Valuer has considered three generally accepted approaches, namely income approach, market approach and cost approach in arriving its concluded values of Gold Track and had selected the income approach. The fair value of the equity interest in the Company was developed through the application of the income approach technique known as the Discounted Cash Flow Method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future net cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

Pursuant to the Valuation Report, the Valuer is of the view that the market approach and cost approach are inappropriate for valuing the fair values of the equity interest in Gold Track. First, the market approach relies heavily on data from public trading comparable companies that are revenue generating and profit making which are not the cases with Gold Track. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by Gold Track. Therefore, this approach often serves as a valuation floor since most companies have greater value as a going concern than they would if liquidated, i.e., the present value of future economic benefits generated by the companies usually far exceed the value arrived through the application of the cost approach.

We have discussed with the Valuer regarding the basis for estimating the net cash flow from the business of Gold Track and the determination of the discount rate adopted under the discounted cash flow method adopted in such valuation. We have been advised that the net cash flow ("Net Cash Flow"), which is based on the 50% recovery rate of resources i.e. 40.3 million tons, is projected to the year of 2021.

We have been advised that the discount rate applied to the Net Cash Flow is based on a weight average cost of capital which is developed through the application of the Capital Asset Pricing Model ("CAPM"), the beta, cost of equity and cost of debt. The cost of equity is estimated by using the CAPM taking into account of the risk free rate of return (which is the yield of the long term government bonds of Indonesia), the market equity risk premium (which is based on the expected market return for Indonesia and the average beta of nine comparable public iron mining companies as quoted on Bloomberg) and additional premiums (including adjustments to the small capitalization risk premium and the startup risk premium (the "Additional Premiums")). The cost of debt is determined based on the bank prime rate for local banks in Indonesia. The Additional Premiums are applied to reflect the further risks exposed to by the business of Gold Track as compared to the comparable public iron mining companies. The valuation arrived at by applying the discount rate was further discounted by 30% to reflect the lack of marketability of the investment in Gold Track as compared to the public iron mining companies.

Based on our review of the Valuation Report and discussion with the Valuer regarding, among other things, (i) the scope of work and assumptions of the valuation; (ii) the valuation basis, including the Net Cash Flow, the applied methodologies, in particular the discount rate adopted under the discounted cash flow method; and (iii) the due diligence works performed by the Valuer in preparing Valuation Report, we consider that the basis, assumptions and methodologies adopted by the Valuer in the Valuation Report appropriate. We, however, express no opinion on the actual results of the Net Cash Flow.

Given the locations of the iron mines, quality of the iron mine and cost structure of setting up mining operation are different and the Target Group has not yet commenced operation, we consider it is impracticable to compare the consideration of the Subscription with comparable transactions conducted by the other Hong Kong listed companies or those of companies engaged in business similar to the Target Group. However, given the fair value of 100% equity interest in the business entity of Gold Track as at 31 March 2009 is HK$544.1 million and 54% of Gold Track to be acquired by the Group under the Subscription is approximately HK$293.8 million, which is significantly higher than the consideration of the Subscription, i.e. approximately US$1 million, we are of the view that the consideration for the Subscription is fair and reasonable.

(3) Risk Factors

We would like to remind the Independent Shareholders that there are uncertainties associated with the Subscription notwithstanding the potential benefits. Independent Shareholders are advised to pay attention on the paragraph headed "Risk Factors" in the Letter which covers the investment risk in new business, the continuous capital investment by the Group, the policies and regulations in where the Mine located and the environment protection policies to be adopted by the Gold Track Group.

In addition, we consider that there are also uncertainties and business risks associated with the Subscription including (i) the commercial marketability of the iron and the time as to when the Mine will commence operation; and (ii) the possible impact of investment loss to the Group in the event of failure to develop the Mine or an ill-investment decision which led to financial loss to the Group.

The Mine may or may not perform as projected, which may significantly affect the Group's financial performance as the Group may require significant capital input in the mining operations. The Subscription will, therefore, result in a significant change in the risk profile of the Group's businesses, which may or may not accord with the risk/return preferences of individual shareholders.

(4) Financial effect of the Subscription

Upon Completion, the Gold Track Group will become indirect wholly-owned subsidiaries of the Company and its accounts will be consolidated into the Group. According to the third quarterly report 2008 of the Company, the Group had an unaudited total assets and total liabilities of approximately HK$760,395,658 and HK$48,722,600 respectively as at 31 December 2008. According to the unaudited pro forma consolidated balance sheet of the Enlarged Group as disclosed in Appendix V to the Circular, assuming the Subscription took place on 31 December 2008, the total assets of the Group would increase to approximately HK$1,300,994,144 and the total liabilities of the Group would also increase to approximately HK$52,895,546. As such, the net assets value per Share would increase from approximately HK$0.86 as at 31 December 2008 to approximately HK$1.50 per Share based on the total number of issued Shares of 832,110,000 (calculated as the pro forma net asset value of the Enlarged Group of HK$1,248,098,598 divided by the number of issued Shares of 832,110,000). Assuming that the Subscription has been completed on 1 April 2007, the profit attributable to equity Shareholder will also decrease from approximately HK$2,386,359 to approximately HK$1,768,231 according to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix V to the Circular.

As set out in the financial information on the Gold Track Group in Appendix II to the Circular, it is stated that Gold Track Group incurred net loss of HK$616,117 for the year ended 31 March 2009 and the Gold Track Group's total liabilities exceeded its total assets by HK$247,202 as at 31 March 2009. As a result, the auditors issued a modified opinion indicating the existence of a material uncertainty which may cast significant doubt about the Gold Track

Group's ability to continue as a going concern. Given the Gold Track Group is newly set up, we consider that, after taking into consideration of the pro forma financial information of the Enlarged Group as disclosed in Appendix V to the Circular, the net liabilities position of the Gold Track Group has no material impact on the fairness and reasonableness of the Subscription.

Despite the decrease in the profit attributable to the equity Shareholder assuming that the Subscription has been completed on 1 April 2007, we consider that the Subscription is beneficial to the Company and its Shareholders as whole based on the substantial increase in net assets value per Share as a result of the Subscription.

RECOMMENDATION

Taking into account the factors and reasons as mentioned above, we are of the opinion that (i) the business of the Gold Track Group is not in the ordinary and usual course of business of the Group as iron mining is not one of the principal activities of the Group; (ii) the Subscription Agreement and the Supplemental Agreement are on normal commercial terms and to be fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolutions to approve the Subscription Agreement and the Supplemental Agreement to be proposed at the EGM.

Irrespective of the above, we would remind the Independent Shareholders that there are uncertainties associated with the Subscription notwithstanding the potential benefits. The Mine may or may not perform as projected, which will significantly affect the Group's financial performance as the Group may require significant capital input in the mining operations. The Subscription will, therefore, result in a significant change in the risk profile of the Group's businesses, which may or may not accord with the risk/return preferences of individual shareholders.

Yours faithfully,
For and on behalf of
Grand Cathay Securities (Hong Kong) Limited

Kim Chan
Director

Kevin Chan
Director

1. FINANCIAL SUMMARY

Set out below is a summary of the audited financial information of the Group for the three years ended 31 March 2008, the unaudited consolidated income statement of the Group for the nine months ended 31 December 2008 and the unaudited consolidated balance sheet of the Group for the six months ended 30 September 2008 which extracted from the relevant annual reports, third quarterly report 2008 and interim report 2008 of the Company respectively.

CONSOLIDATED INCOME STATEMENTS

	For the nine months ended 31 December	For the year ended 31 March		
	2008	**2008**	**2007**	**2006**
	HK$	*HK$*	*HK$*	*HK$*
	Unaudited	Audited	Audited	Audited
Turnover	133,632,928	44,335,788	1,643,189	2,357,000
Direct costs	(32,858,234)	(9,201,795)	(524,339)	(544,764)
Gross profit	100,774,694	35,133,993	1,118,850	1,812,236
Other operating income	285,851	420,630	4,854,451	779
Administrative expenses	(57,004,710)	(28,366,598)	(12,376,094)	(3,744,815)
Fair value changes of investment properties	–	30,000	–	–
Finance costs	(64,524)	(275,380)	(67,584)	–
Loss on disposal of subsidiaries	(4,631,842)	–	–	–
Profit/(loss) before tax	39,359,469	6,942,645	(6,470,377)	(1,931,800)
Income tax expense	(12,951,619)	(4,352,156)	(41,258)	–
Earnings/(loss) for the year/period	26,407,850	2,590,489	(6,511,635)	(1,931,800)
Attributable to:				
Equity holders of the company	23,133,386	2,386,359	(6,511,635)	(1,931,800)
Minority interests	3,274,464	204,130	–	–
	26,407,850	2,590,489	(6,511,635)	(1,931,800)
Earnings/(loss) per share				
– Basic	HK1.91 cent	HK0.23 cent	HK(0.73) cent	HK(0.24) cent

CONSOLIDATED BALANCE SHEETS

	At 30 September 2008	At 31 March 2008	2007	2006
	HK$	HK$	HK$	HK$
	Unaudited	Audited	Audited	Audited
NON-CURRENT ASSETS				
Goodwill	515,702,261	426,465,393	2,332,814	–
Investment property	7,560,000	7,560,000	2,600,000	–
Property, plant and equipment	104,709,961	2,681,393	5,178,012	532,140
	627,972,222	436,706,786	10,110,826	532,140
CURRENT ASSETS				
Inventories	1,981,681	60,650	95,030	–
Loan receivable	7,796,000	–	–	–
Trade receivables	81,907,289	23,266,603	96,355	311,000
Prepayments, deposits and other receivables	3,962,174	45,677,040	590,043	117,120
Bank balances and cash	32,760,870	104,663,808	1,801,684	330,821
	128,408,014	173,668,101	2,583,112	758,941
CURRENT LIABILITIES				
Accruals and other payables	2,833,038	3,836,991	1,402,413	639,344
Trade payable	23,961,244	–	–	–
Deposits received	132,000	162,000	30,000	–
Amount due to a director	835,816	450,965	758,368	4,362,737
Bank loan	301,828	303,304	–	–
Obligations under finance leases – current portion	7,810	7,809	85,587	–
Other borrowings	–	–	5,000,000	–
Tax payable	14,907,257	5,195,887	48,853	–
	42,978,993	9,956,956	7,325,221	5,002,081
NET CURRENT ASSETS/(LIABILITIES)	85,429,021	163,711,145	(4,742,109)	(4,243,140)
TOTAL ASSETS LESS CURRENT LIABILITIES	713,401,243	600,417,931	5,368,717	(3,711,000)
NON-CURRENT LIABILITIES				
Bank loan	3,332,179	3,480,206	–	–
Deferred tax	236,250	236,250	–	–
Obligations under finance lease – long term portion	12,364	16,269	24,079	–
	3,580,793	3,732,725	24,079	–
	709,820,450	596,685,206	5,344,638	(3,711,000)
CAPITAL AND RESERVES				
Share capital	33,284,400	31,319,000	19,300,000	16,000,000
Minority interest	5,525,150	2,705,088	–	–
Reserves	671,010,900	562,661,118	(13,955,362)	(19,711,000)
	709,820,450	596,685,206	5,344,638	(3,711,000)

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2008

The following are the audited consolidated financial statements of the Group extracted from the annual report of the Company for the year ended 31 March 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$
Turnover	7	44,335,788	1,643,189
Direct costs		(9,201,795)	(524,339)
Gross profit		35,133,993	1,118,850
Other operating income	9	420,630	4,854,451
Administrative expenses		(28,366,598)	(12,376,094)
Fair value changes of investment properties		30,000	–
Finance costs	10	(275,380)	(67,584)
Profit/(loss) before tax	11	6,942,645	(6,470,377)
Income tax expense	13	(4,352,156)	(41,258)
Profit/(loss) for the year		2,590,489	(6,511,635)
Attributable to:			
Equity holders of the Company		2,386,359	(6,511,635)
Minority interests		204,130	–
Profit/(loss) for the year		2,590,489	(6,511,635)
Earnings/(loss) per share	15		
Basic (HK cents per share)		0.23	(0.73)
Diluted (HK cents per share)		0.22	(0.73)

CONSOLIDATED BALANCE SHEET
At 31 March 2008

	Notes	**2008** *HK$*	**2007** *HK$*
Non-current assets			
Investment properties	*16*	7,560,000	2,600,000
Goodwill	*17*	426,465,393	2,332,814
Property, plant and equipment	*18*	2,681,393	5,178,012
		436,706,786	10,110,826
Current assets			
Inventories	*20*	60,650	95,030
Trade receivables	*21*	23,266,603	96,355
Prepayments, deposits and other receivables	*22*	45,677,040	590,043
Bank balances and cash		104,663,808	1,801,684
		173,668,101	2,583,112
Current liabilities			
Accruals and other payables	*23*	3,836,991	1,402,413
Deposits received		162,000	30,000
Amount due to a director	*24*	450,965	758,368
Obligations under finance leases	*25*	7,809	85,587
Other borrowings	*26*	–	5,000,000
Bank borrowings	*27*	303,304	–
Tax payable		5,195,887	48,853
		9,956,956	7,325,221
Net current assets/(liabilities)		163,711,145	(4,742,109)
Total assets less current liabilities		600,417,931	5,368,717
Non-current liabilities			
Bank borrowings	*27*	3,480,206	–
Obligations under finance leases	*25*	16,269	24,079
Deferred tax liabilities	*31*	236,250	–
		3,732,725	24,079
Net assets		596,685,206	5,344,638
Capital and reserves			
Share capital	*28*	31,319,000	19,300,000
Reserves		562,661,118	(13,955,362)
Equity attributable to equity holders of the Company		593,980,118	5,344,638
Minority interests		2,705,088	–
Total equity		596,685,206	5,344,638

BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$	2007 HK$
Current assets			
Amounts due from subsidiaries		1,703,946	15,252,593
Bank balances and cash		86,297,433	998,184
		88,001,379	16,250,777
Current liabilities			
Accruals and other payables		1,096,151	472,627
Amount due to a subsidiary		4,237,109	621,489
Amount due to a director	24	450,964	758,368
Other borrowings	26	–	5,000,000
		5,784,224	6,852,484
Net assets		82,217,155	9,398,293
Capital and reserves			
Share capital	28	31,319,000	19,300,000
Reserves	30	50,898,155	(9,901,707)
Total equity		82,217,155	9,398,293

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company								
	Share capital *HK$*	Share premium *HK$*	Merger deficit *HK$* *(Note a)*	Share options reserve *HK$*	Properties revaluation reserve *HK$* *(Note b)*	Accumulated losses *HK$*	Total *HK$*	Minority interests *HK$*	Total equity *HK$*
At 1 April 2006	16,000,000	8,095,956	(119,998)	–	–	(27,686,958)	(3,711,000)	–	(3,711,000)
Placement of new shares	3,200,000	8,000,000	–	–	–	–	11,200,000	–	11,200,000
Transaction costs attributable to placement of new shares	–	(405,120)	–	–	–	–	(405,120)	–	(405,120)
Recognition of equity – settled share-based payments	–	–	–	3,558,215	–	(285,822)	3,272,393	–	3,272,393
Exercise of share options	100,000	1,400,000	–	(285,822)	–	285,822	1,500,000	–	1,500,000
Loss for the year	–	–	–	–	–	(6,511,635)	(6,511,635)	–	(6,511,635)
At 31 March 2007 and 1 April 2007	19,300,000	17,090,836	(119,998)	3,272,393	–	(34,198,593)	5,344,638	–	5,344,638
Surplus on revaluation of properties	–	–	–	–	1,320,000	–	1,320,000	–	1,320,000
Deferred tax	–	–	–	–	(231,000)	–	(231,000)	–	(231,000)
Net income recognised directly in equity	–	–	–	–	1,089,000	–	1,089,000	–	1,089,000
Profit for the year	–	–	–	–	–	2,386,359	2,386,359	204,130	2,590,489
Total recognised income for the year	–	–	–	–	1,089,000	2,386,359	3,475,359	204,130	3,679,489
Issue of shares for acquisition of subsidiaries	5,600,000	383,600,000	–	–	–	–	389,200,000	–	389,200,000
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	2,500,958	2,500,958
Placement of new shares	5,494,000	174,448,500	–	–	–	–	179,942,500	–	179,942,500
Transaction costs attributable to placement of new shares	–	(4,675,350)	–	–	–	–	(4,675,350)	–	(4,675,350)
Recognition of equity – settled share-based payments	–	–	–	5,757,471	–	–	5,757,471	–	5,757,471
Forfeiture of lapsed shares under share option schemes	–	–	–	(1,731,036)	–	1,731,036	–	–	–
Exercise of share options	925,000	16,702,697	–	(2,692,197)	–	–	14,935,500	–	14,935,500
At 31 March 2008	31,319,000	587,166,683	(119,998)	4,606,631	1,089,000	(30,081,198)	593,980,118	2,705,088	596,685,206

Notes:

(a) The merger deficit of the Group represents the difference between the nominal value of the shares of acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefore.

(b) The properties revaluation reserve was arisen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to accumulated losses when the relevant properties are disposed of.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008	2007
	HK$	*HK$*
Operating activities		
Profit/(loss) before tax	6,942,645	(6,470,377)
Adjustments for:		
Depreciation of property, plant and equipment	399,806	468,963
Waive of amount due to an ex-director	(185,000)	(4,792,737)
Loss on disposal of property, plant and equipment	547,439	–
Bank interest income	(146,247)	(53,389)
Finance costs	275,380	67,584
Fair value changes of investment properties	(30,000)	–
Impairment loss recognised in respect of goodwill	2,332,814	2,332,815
Share-based payment expenses	5,757,471	3,272,393
Operating cash flows before movements in working capital	15,894,308	(5,174,748)
Decrease in inventories	81,380	4,170
Increase in trade receivables, prepayments, deposits and other receivables	(64,017,000)	(239,578)
Increase in accruals, other payables and deposits received	1,345,649	681,847
(Decrease)/increase in amount due to a director	(307,403)	1,188,368
Cash used in operating activities	(47,003,066)	(3,539,941)
Interest received	146,247	53,389
Income tax paid	(720,847)	–
Net cash used in operating activities	(47,577,666)	(3,486,552)
Investing activities		
Acquisition of subsidiaries	(36,465,669)	(12,184,767)
Proceeds from disposals of property, plant and equipment	79,975	–
Purchase of property, plant and equipment	(1,799,708)	(58,511)
Net cash used in investing activities	(38,185,402)	(12,243,278)

	2008	2007
	HK$	*HK$*
Financing activities		
(Repayment of)/proceeds from other borrowings	(5,000,000)	5,000,000
Loan interest paid	(266,352)	(63,973)
Finance leases interest paid	(9,028)	(3,611)
Repayments of obligations under finance leases	(85,588)	(26,603)
Proceeds from bank borrowings	4,000,000	–
Repayments of bank borrowings	(216,490)	–
Proceeds from placement of new shares	179,942,500	11,200,000
Recognition of share issue expenses	(4,675,350)	(405,120)
Proceeds from the exercise of share options	14,935,500	1,500,000
Net cash generated from financing activities	188,625,192	17,200,693
Net increase in cash and cash equivalents	102,862,124	1,470,863
Cash and cash equivalents at the beginning of the year	1,801,684	330,821
Cash and cash equivalents at the end of the year	104,663,808	1,801,684
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	104,663,808	1,801,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the balance sheet date, the parent of the Company (the "Immediate Holding Company") is New Brilliant Investment Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company (the "Ultimate Holding Company") is 20/20 International Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 19.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendment and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment has been made.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statement[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 January 2008

[4] Effective for annual periods beginning on or after 1 July 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at the date of acquisition and the minority's share of changes in equity since the date of the acquisition.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses. Capitalised goodwill arising on an acquisition of a subsidiary is presented as an intangible asset.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(e) Investments properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

(f) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value using the straight-line method, at the following rates per annum:

Leasehold properties	2.5%
Leasehold improvement	4% to 20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Computer equipment	30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidation income statement in the year which the item is derecongnised.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the income statement. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

First-in, first-out method is used to calculate the cost of ordinarily interchangeable items.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

The Group's financial assets are loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of financial assets are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are mainly other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including accruals and other payables, amount due to a director, bank and other borrowings) are measured at amortised cost, using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognitised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised into the income statement in the period in which they are incurred.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items that charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(n) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered services entitling them to the contributions.

(o) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise, except for exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, in which case such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

(p) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged during the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires when it is released directly to retained profits) with the fair value of goods and services received.

(q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(r) Provision and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of resources will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of resources is remote.

(s) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influences.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in note 3, management makes various estimations and judgments based on past experiences, expectation of future events and other information. The key source of estimation uncertainties and the judgments that may significantly affect the amounts recognised in the consolidated financial statements are discussed below:

Provision for impairment of trade and other receivables

The provision for impairment of trade and other receivables is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the debtors were to deteriorate, resulting in impairment of their ability to make payments, additional provision may be required.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of asset. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount written down is charged against the results of operations.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1 Financial risk management objectives and policies

The Group's major financial instruments include trade receivables and other receivables, bank balances and cash, accruals and other payables, bank and other borrowings and amount due to a director. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2008	**2007**
	HK$	*HK$*
Financial assets		
Loans and receivables		
(including bank balances and cash)	173,034,794	2,283,617
Financial liabilities		
Amortised cost	8,095,544	7,270,447

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2008 is the carrying amounts of those financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has policies in place and exposures to credit risks are monitored on an ongoing basis. When necessary, follow-up action will be taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Market risk

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Based on the evaluation of the Group's operations, the directors of the Company consider that the Group's operations are mainly subject to interest rate risk.

Interest rate risk management

The Group's fair value interest rate risk is minimal as the Group had no material fixed-rate financial liabilities as at 31 March 2008. The Group's cash flow interest rate risk relates primarily to Hong Kong dollar dominated variable-rate borrowings (note 27) that concentrated on the fluctuation of HIBOR. The Group monitors the interest risk exposure on a continuous basis and adjusts the portfolio of interest-bearing financial assets and liabilities when necessary.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit or the year ended 31 March 2008 would decrease/increase by approximately HK$18,918 (2007: HK$ nil). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and considering of obtaining banking facilities to support the Group's short, medium and long-term funding and liquidity management requirements. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on weighted average effective interest rates) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flow**	**Total carrying amount**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2008						
Accruals and other payables	–	3,836,991	–	–	3,836,991	3,836,991
Amount due to a director	–	450,965	–	–	450,965	450,965
Obligations under finance leases	5.2%	9,840	20,408	–	30,248	24,078
Bank borrowings	2.95%	381,099	1,524,397	2,350,079	4,255,575	3,783,510
		4,678,895	1,544,805	2,350,079	8,573,779	8,095,544
At 31 March 2007						
Accruals and other payables	–	1,402,413	–	–	1,402,413	1,402,413
Amount due to a director	–	758,368	–	–	758,368	758,368
Other borrowings	5%	5,250,000	–	–	5,250,000	5,000,000
Obligations under finance leases	3.29%	94,615	30,340	–	124,955	109,666
		7,505,396	30,340	–	7,535,736	7,270,447

5.2 Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

6. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to maximise returns to stakeholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or sell assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio of borrowings over total equity. This ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio at the balance sheet date is as follows:

	2008	**2007**
Borrowings *(note 26 and note 27)*	3,783,510	5,000,000
Total equity	596,685,206	5,344,638
Gearing ratio	1%	94%

7. TURNOVER

Turnover represents the net amounts received and receivables from (i) services provided to customers; (ii) goods sold to customers and (iii) rental income and is analysed as follows:

	2008 *HK$*	**2007** *HK$*
Business consultancy services income	834,500	923,000
Funeral services income	3,733,742	690,189
Computer software solution and service	39,587,546	–
Rental income	180,000	30,000
	44,335,788	1,643,189

8. SEGMENTS INFORMATION

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organised into three business segments – business consultancy, computer software solution and service and funeral services.

Principal activities are as follows:

Business consultancy	– providing services to assist clients on various business or management issues
Computer software solution and service	– provision of computer hardware and software services
Funeral services	– providing services to assist clients on various funeral customer and activities.

Segment information about these businesses is as follows.

Income statement
For the year ended 31 March 2008

	Business consultancy *HK$*	**Computer software solution and service** *HK$*	**Funeral services** *HK$*	**Others** *HK$*	**Consolidated** *HK$*
Turnover					
External sales	834,500	39,587,546	3,733,742	180,000	44,335,788
Result					
Segment result	(3,115,320)	26,018,492	(2,204,927)	(523,713)	20,174,532
Interest income					146,247
Unallocated corporate income					173,372
Unallocated corporate expenses					(13,276,126)
Finance costs					(275,380)
Profit before tax					6,942,645
Income tax expense					(4,352,156)
Profit for the year					2,590,489

Balance sheet
At 31 March 2008

	Business consultancy *HK$*	Computer software solution and service *HK$*	Funeral services *HK$*	Others *HK$*	Consolidated *HK$*
Assets					
Segment assets	1,305,631	467,073,949	1,241,692	9,611,561	479,232,833
Unallocated corporate assets					131,142,054
Consolidated total assets					610,374,887
Liabilities					
Segment liabilities	416,227	7,196,029	200,436	467,509	8,280,201
Unallocated corporate liabilities					5,409,480
Consolidated total liabilities					13,689,681

Other segment information
For the year ended 31 March 2008

	Business consultancy *HK$*	Computer software solution and service *HK$*	Funeral services *HK$*	Others *HK$*	Consolidated *HK$*
Fair value changes of investment properties	–	–	–	30,000	30,000
Depreciation and amortisation	110,493	52,575	129,654	107,084	399,806
Capital additions	589,172	1,205,346	–	5,190	1,799,708
Impairment of goodwill	–	–	2,332,814	–	2,332,814

Income statement
For the year ended 31 March 2007

	Business consultancy *HK$*	Funeral services *HK$*	Others *HK$*	Consolidated *HK$*
Turnover				
External sales	923,000	690,189	30,000	1,643,189
Result				
Segment result	(2,332,172)	(2,570,583)	(340,284)	(5,243,039)
Interest income				53,389
Unallocated corporate income				4,791,853
Unallocated corporate expenses				(6,004,996)
Finance costs				(67,584)
Loss before tax				(6,470,377)
Income tax expense				(41,258)
Loss for the year				(6,511,635)

Balance sheet
At 31 March 2007

	Business consultancy *HK$*	Funeral services *HK$*	Others *HK$*	Consolidated *HK$*
Assets				
Segment assets	1,535,335	3,661,256	6,499,163	11,695,754
Unallocated corporate assets				998,184
Consolidated total assets				12,693,938
Liabilities				
Segment liabilities	(338,922)	(455,530)	(323,853)	(1,118,305)
Unallocated corporate liabilities				(6,230,995)
Consolidated total liabilities				(7,349,300)

Other segment information

For the year ended 31 March 2007

	Business consultancy *HK$*	Funeral services *HK$*	Others *HK$*	Consolidated *HK$*
Capital additions	96,177	1,380	–	97,557
Depreciation	232,303	129,662	106,998	468,963

Geographical segments

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segment is presented.

9. OTHER OPERATING INCOME

	2008 *HK$*	2007 *HK$*
Other operating income included the followings:		
Interest income	146,247	53,389
Waive of amount due to an ex-director	185,000	4,792,737

10. FINANCE COSTS

	2008 *HK$*	2007 *HK$*
Interests on:		
Other borrowings wholly repayable within five years	125,000	63,973
Bank borrowings not wholly repayable within five years	141,352	–
Finance leases	9,028	3,611
	275,380	67,584

11. PROFIT/(LOSS) BEFORE TAX

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

	2008	2007
	HK$	*HK$*
Staff costs:		
Directors' emoluments *(note 12)*	5,699,353	2,291,889
Salaries and other benefits	6,064,134	1,351,069
Share-based payment expenses	712,509	–
Retirement benefit scheme contributions excluding directors	333,067	61,434
Total employee benefits expense including those of directors	12,809,063	3,704,392
Depreciation on property, plant and equipment		
– owned assets	315,013	387,424
– financial leases assets	84,793	81,539
Loss on disposal of property, plant and equipment	547,439	–
Auditors' remuneration	330,000	319,000
Share-based payment expenses *(note 29(b))*	5,757,471	3,272,393
Impairment of goodwill	2,332,814	2,332,815

and after crediting:

	2008	2007
Gross rental income from investment properties	180,000	30,000
Less: Direct operating expenses from investment properties that generated rental income during the year	(14,242)	(2,246)
Direct operating expenses from investment properties that did not generate rental income during the year	–	–
	165,758	27,754

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The aggregate amount of emoluments paid or payable to the directors of the Company during the year was HK$5,699,353 (2007: HK$2,291,889).

The emoluments paid or payable to each director for the year ended 31 March 2008 and 2007 are as follows:

Name of director	Directors' fees		Salaries and other benefits		Retirement benefits scheme contributions		Share options granted		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive director										
Mr. Liu Ka Lim#	–	–	–	160,000	–	1,000	–	–	–	161,000
Mr. Kan Siu Lun#	–	–	–	60,000	–	1,000	–	–	–	61,000
Mr. Sun Wai Tat, Victor#	–	–	–	69,682	–	3,318	–	–	–	73,000
Ms. Lam So Ying#	–	–	–	180,000	–	5,000	–	–	–	185,000
Ms. Sy Wai Shuen#	–	–	–	100,000	–	–	–	–	–	100,000
Mr. Chui Bing Sun##	–	–	3,799,291	510,000	12,000	8,000	–	–	3,811,291	518,000
Mr. Lee Chi Shing, Caesar##	–	–	922,968	539,031	12,000	8,847	265,851	351,819	1,200,819	899,697
Mr. Chau Cheok Wa###	–	–	–	–	–	–	–	–	–	–
	–	–	4,722,259	1,618,713	24,000	27,165	265,851	351,819	5,012,110	1,997,697
Independent non-executive directors										
Mr. Shum Kai Wing#	–	22,258	–	–	–	–	–	–	–	22,258
Mr. Wong Yuk Man, Edmand#	–	22,258	–	–	–	–	–	–	–	22,258
Mr. Chow Cheuk Lap#	–	22,258	–	–	–	–	–	–	–	22,258
Mr. Siu Hi Lam, Alick##	120,000	75,806	–	–	–	–	109,081	–	229,081	75,806
Mr. Kwok Kwan Hung##	120,000	75,806	–	–	–	–	109,081	–	229,081	75,806
Mr. Chien Hoe Yong##	120,000	75,806	–	–	–	–	109,081	–	229,081	75,806
	360,000	294,192	–	–	–	–	327,243	–	687,243	294,192
	360,000	294,192	4,722,259	1,618,713	24,000	27,165	593,094	351,819	5,699,353	2,291,889

resigned on 14 August 2006

appointed on 14 August 2006

appointed on 4 February 2008

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2007: three) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining one (2007: two) individuals are as follows:

	2008	**2007**
	HK$	*HK$*
Salaries and other benefits	640,000	412,366
Retirement benefit scheme contributions	7,000	14,775
Share options granted	576,672	27,819
	1,223,672	454,960

The emoluments of each individual other than the directors of the Company were within the emolument band of more than HK$1,000,000 but less than HK$1,500,000 (2007: all are less than HK$1,000,000).

During the year ended 31 March 2008 and 2007, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments during the year ended 31 March 2008 and 2007.

13. INCOME TAX EXPENSE

	2008	**2007**
	HK$	*HK$*
The income tax expense comprises of:		
Current tax – Hong Kong	4,346,906	41,258
Deferred tax *(note 31)*	5,250	–
	4,352,156	41,258

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the both years in the financial statements.

The tax expense can be reconciled to the profit/(loss) before tax per the consolidated income statement as follows:

	2008		**2007**	
	HK$	*%*	*HK$*	*%*
Profit/(loss) before tax	6,942,645		(6,470,377)	
Tax at the Hong Kong Profits Tax rate of 17.5%	1,214,963	17.5	(1,132,316)	(17.5)
Tax effect of income not taxable for tax purpose	(609,936)	(8.8)	(878,085)	(13.6)
Tax effect of expenses not deductible for tax purposes	2,054,872	29.6	532,248	8.2
Tax effect of utilisation of tax loss previously not recognised	(26,716)	(0.4)	–	–
Tax effect of tax losses not recognised	1,718,973	24.8	1,519,411	23.5
Income tax expense	4,352,156	62.7	41,258	0.6

Details of deferred taxation are set out in note 31.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2008, nor has any dividend been proposed since the balance sheet date (2007: nil)

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to equity holders of the Company of HK$2,386,359 (2007: a loss of HK$6,511,635) and the weighted average number of ordinary shares of 1,047,847,927 (2007: 894,041,096) in issue during the year.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The computation of diluted loss per share does not consider the potential ordinary shares as the effect of the potential ordinary shares is antidilutive.

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	2008	**2007**
	HK$	*HK$*
Profit/(loss) attributable to equity holders of the Company	2,386,359	(6,511,635)

Number of shares

	2008	**2007**
Weighted average number of ordinary shares in issue	1,047,847,927	894,041,096
Adjustment for assumed exercise of share options	21,559,477	–
	1,069,407,404	894,041,096

16. INVESTMENT PROPERTIES

	HK$
At 1 April 2006	–
Acquisition of subsidiaries	2,600,000
At 31 March 2007 and 1 April 2007	2,600,000
Transferred from property, plant and equipment	4,930,000
Increase in fair value	30,000
At 31 March 2008	7,560,000

The carrying values of investment properties shown above represents properties located in Hong Kong which held under long leases. The investment properties with a fair value of HK$7,560,000 at 31 March 2008 have been pledged to secure bank borrowings (note 27).

The fair values of the Group's investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out on the date by Asset Appraisal Limited, independent qualified professional surveyors not connected with the Group. Asset Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

17. GOODWILL

	HK$
Cost	
At 1 April 2006	–
Additions arising from acquisition of subsidiaries	4,665,629
At 31 March 2007 and 1 April 2007	4,665,629
Additions arising from acquisition of subsidiaries	426,465,393
At 31 March 2008	431,131,022
Impairment	
At 1 April 2006	–
Impairment loss recognised	2,332,815
At 31 March 2007 and 1 April 2007	2,332,815
Impairment loss recognised	2,332,814
At 31 March 2008	4,665,629
At 31 March 2008	426,465,393
At 31 March 2007	2,332,814

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited (note 34) with an aggregate consideration of approximately HK$429,878,000 and goodwill of approximately HK$426,465,000 was recognised.

During the year ended 31 March 2008, an impairment of goodwill of HK$2,332,814 was recognised for the funeral services segment since the directors of the Company consider that the recoverability of such goodwill is not feasible. The main factor contributing to the impairment of the goodwill attributable to the funeral services segment is that the actual cash flow generated from that segment was lower than expected.

Impairment testing on goodwill

The carrying amount of goodwill (net of accumulated impairment losses) at 31 March 2008 is attributable to the respective cash-generating units as follows:

	2008	**2007**
	HK$	*HK$*
Computer software solution and service	426,465,393	–
Funeral services	–	2,332,814
	426,465,393	2,332,814

The recoverable amount of the goodwill allocated to computer software solution and service segment is assessed by reference to value-in-use model which based on a five years cash flow projection approved by the directors of the Company. A discount rate of 15% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill.

There are a number of assumptions and estimates involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held for own use carried at cost	Computer equipment	Office equipment	Furniture and fixtures	Motor vehicle	Leasehold improvement	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost:							
At 1 April 2006	–	175,477	142,950	676,653	–	–	995,080
Acquisition of subsidiaries	3,800,000	–	24,088	72,436	384,920	887,417	5,168,861
Additions	–	55,151	41,026	1,380	–	–	97,557
At 31 March 2007	3,800,000	230,628	208,064	750,469	384,920	887,417	6,261,498
Acquisition of subsidiaries	–	193,065	73,144	–	–	133,088	399,297
Transfer to investment properties	(3,800,000)	–	–	–	–	–	(3,800,000)
Additions	–	379,530	103,413	81,645	305,900	929,220	1,799,708
Disposal	–	(175,478)	(158,433)	(687,378)	–	(309,108)	(1,330,397)
At 31 March 2008	–	627,745	226,188	144,736	690,820	1,640,617	3,330,106
Accumulated depreciation:							
At 1 April 2006	–	104,957	59,235	298,748	–	–	462,940
Acquisition of subsidiaries	–	–	4,818	12,684	76,984	57,097	151,583
Charge for the year	95,000	63,595	38,193	150,095	76,984	45,096	468,963
At 31 March 2007	95,000	168,552	102,246	461,527	153,968	102,193	1,083,486
Acquisition of subsidiaries	–	43,440	10,971	–	–	3,993	58,404
Elimination upon transfer to investment properties	(190,000)	–	–	–	–	–	(190,000)
Charge for the year	95,000	62,580	29,436	39,815	107,573	65,402	399,806
Disposal	–	(168,654)	(93,252)	(429,332)	–	(11,745)	(702,983)
At 31 March 2008	–	105,918	49,401	72,010	261,541	159,843	648,713
Net book value:							
At 31 March 2008	–	521,827	176,787	72,726	429,279	1,480,774	2,681,393
At 31 March 2007	3,705,000	62,076	105,818	288,942	230,952	785,224	5,178,012

At 31 March 2008, property, plant and equipment of the Group with net book value of HK$26,682 were held under finance leases (2007: HK$265,000).

During the year, the land and buildings held for own use were transferred from property, plant and equipment to investment properties. The fair value of the land and buildings at the date of transfer of HK$4,930,000 was determined by reference to a valuation carried out by Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. The difference between the aggregate fair values of such land and buildings and their net book value amounted to HK$1,320,000 was recognised directly in equity at a revaluation of property, plant and equipment.

19. INTEREST IN SUBSIDIARIES

The Company

Details of the Company's subsidiaries at 31 March 2008 are as follows:

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly	Indirectly	Principal activities
				%	%	
Galileo Asset Management Limited	Hong Kong	Limited company	HK$10,000	–	100	Inactive
Galileo Capital Limited	Hong Kong	Limited company	HK$15,500,000	–	100	Provision of business information, business brokerage and financial advisory services in Hong Kong
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	100	Provision of administrative services for the Group in Hong Kong
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	100	–	Investment holding in Hong Kong
Galileo Funeral Services Limited (Formerly known as Galileo Financial Services Limited)	Hong Kong	Limited company	HK$10,000	–	100	Inactive
Wealth Supply International Limited	British Virgin Islands	Limited company	US$1	–	100	Inactive
Grand Sea Limited	Hong Kong	Limited company	HK$3	–	100	Properties holding

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %	Indirectly %	Principal activities
Cheung Shing Funeral Limited	Hong Kong	Limited company	HK$17	–	100	Provision of funeral services
Cheung Shing Funeral Services Limited	British Virgin Islands	Limited company	US$1	–	100	Inactive
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding in Hong Kong
Alliance Computer Services Limited	Hong Kong	Limited company	HK$200,000	–	97	Provision of computer software solution and services
Alliance Computer Systems Limited	Hong Kong	Limited company	HK$10,000	–	60	Provision of computer software solution and services

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

20. INVENTORIES

	2008 HK$	2007 HK$
Finished goods, at cost	60,650	95,030

All the inventories as at the balance sheet dates are carried at cost.

21. TRADE RECEIVABLES

The following is an aged analysis of trade receivables at the balance sheet date:

	2008 HK$	2007 HK$
Within 30 days	16,160,494	96,355
31 – 60 days	4,068,394	–
61 – 90 days	653,029	–
Over 90 days	2,384,686	–
	23,266,603	96,355

The average credit period on the trade receivables is 30 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar. The age of trade receivables which are past due but not impaired are as follows:

	2008	2007
	HK$	*HK$*
31 – 60 days	4,068,394	–
61 – 90 days	653,029	–
Over 90 days	2,384,686	–
	7,106,109	–

The directors of the Company consider that no provision for impairment shall be made to trade receivables that are past due as the credit quality of the debtors are sound. The directors of the Company consider that the carrying amounts of the Group's trade receivables at 31 March 2008 approximate to their fair values.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008	2007
	HK$	*HK$*
Deposits	45,361,063	385,566
Prepayments	66,114	204,465
Other receivables	249,863	12
	45,677,040	590,043

The directors of the Company consider that the carrying amounts of the Group's prepayments, deposits and other receivables at 31 March 2008 approximate to their fair values.

23. ACCRUALS AND OTHER PAYABLES

	2008	2007
	HK$	*HK$*
Accruals	3,183,231	1,333,202
Other payables	653,760	69,211
	3,836,991	1,402,413

The directors of the Company consider that the carrying amounts of the Group's accruals and other payables at 31 March 2008 approximate to their fair values.

24. AMOUNT DUE TO A DIRECTOR

The Group and the Company

The amount due is unsecured, non-interest bearing and repayable on demand.

The directors of the Company consider that the carrying amount of amount due to a director at 31 March 2008 approximates to the fair value.

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payment	
	2008	**2007**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Amounts payable under finance leases:				
Within one year	9,840	94,615	7,809	85,587
In the second to fifth year inclusive	20,498	30,340	16,269	24,079
	30,338	124,955	24,078	109,666
Less: Future finance charges	(6,260)	(15,289)	–	–
Present value of lease obligations	24,078	109,666	24,078	109,666
Less: Amount due within one year shown under current liabilities			(7,809)	(85,587)
Amount due after one year			16,269	24,079

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the year ended 31 March 2008, the average effective interest rate was 5.2% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

26. OTHER BORROWINGS

The Group and the Company

The amount due was unsecured and carried interest at 6% per annum. The other borrowing borrowed from an independent third party was for working capital purpose. At 31 March 2008, the entire other borrowing has been settled.

27. BANK BORROWINGS

	2008	**2007**
	HK$	*HK$*
Secured bank loans repayable within a period of:		
Less than one year	303,304	–
More than one year but within two years	309,841	–
More than two years but within five years	970,170	–
More than five years	2,200,195	–
	3,783,510	–
Less: Amount due within one year	(303,304)	–
Amount due after one year	3,480,206	–

The secured bank loans are denominated in Hong Kong dollars and carry interest at a rate of HIBOR+0.65% per annum.

The directors of the Company consider that the carrying amounts of the Group's bank borrowings at 31 March 2008 approximates to the fair values.

28. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Ordinary shares of HK$0.02 each		
Authorised:		
At 31 March 2008 and 2007	6,000,000,000	120,000,000
Issued and fully paid:		
At 1 April 2006	800,000,000	16,000,000
Issuance of shares *(note a)*	160,000,000	3,200,000
Effect of exercise of share options *(note b)*	5,000,000	100,000
At 31 March 2007 and 1 April 2007	965,000,000	19,300,000
Issue of shares for acquisition of subsidiaries *(note c)*	280,000,000	5,600,000
Issuance of shares *(note d)*	274,700,000	5,494,000
Effect of exercise of share options	46,250,000	925,000
At 31 March 2008	1,565,950,000	31,319,000

The movements in the ordinary share capital during the year ended 31 March 2008 are as follows:

Note a: Upon the completion of placing of new shares under general mandate on 30 August 2006, the Company issued and allotted 160,000,000 shares of ordinary share of the Company ("Placing Shares") at a price of HK$0.07 per share. The gross proceeds from placing new shares before issue expenses amounted to HK$11,200,000.

All new shares issued ranked pari passu in all respects with existing ordinary shares of the Company.

Note b: On 19 March 2007, 5,000,000 share options were exercised and transferred into shares in the share capital of the Company at an exercise price of HK$0.3 per share. The gross proceeds from exercising the share options amounted to HK$1,500,000.

All new shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Note c: On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King for an aggregate consideration of HK$429,878,000, of which, 280,000,000 ordinary shares of the Company with par value of HK$0.02 each were issued as part of the consideration for the acquisition. The fair value of the ordinary shares of the Company, determined using the published price available of the date of acquisition, amounted to HK$389,200,000.

All new shares issued ranked pari passu in all respects with existing ordinary shares of the Company.

Note d: During the year ended 31 March 2008, the Company has issued and allotted 274,700,000 ordinary shares through two placements.

Pursuant to a placing agreement dated 15 October 2007, the Company issued 80,000,000 ordinary shares at a price of HK$1.58 per share on 14 November 2007. The proceeds are used for general working capital of the Company and/or possible future investments in a prestigious and leisure resort to be established in Cagayan Valley in the Philippines as referred to in the Company's announcement dated 16 October 2007.

Pursuant to a placing agreement dated 20 August 2007, the Company issued 194,700,000 ordinary shares at a price of HK$0.275 per share on 30 August 2007. The proceeds are used for general working capital of the Company.

All new shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

29. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 (the "Pre-IPO Share Option Scheme") and another was adopted on 5 December 2006 (the "New Scheme").

(a) Pre-IPO Share Option Scheme

On 29 November 2000, the Company adopted a share option scheme which was valid and effective for a period not exceeding ten years commencing from 29 November 2000.

Under the Pre-IPO Share Option Scheme, the eligible participants (including any employee and executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted an option to subscribe for shares of the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme may not exceed, in nominal amount, 30% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

The offer of a grant of share options may be accepted within 21 days inclusive of, and from the date of the offer. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for any terminations thereof.

In respect of the share options to be granted after the listing of the Company's shares on the GME of the Stock Exchange, the subscription price will be a price determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

In respect of the share options granted prior to the listing of the Company's shares on the GME of the Stock Exchange (the "Pre-IPO Share Options"), the subscription price of the Pre-ISO Share Options should not be less than the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option as at 31 March 2008.

The Directors consider that the Pre-IPO Share Options Scheme does not comply with certain supplementary guidance published by the Stock Exchange concerning Rule 23.03(13) of the GME Listing Rules and the note immediately followed the rule. No further share options will be granted under the Pre-IPO Share Options Plan.

(b) New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2008, the number of shares issuable under share options granted under the Share Option Plan was 85,050,000, which represented approximately 5.4% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

The following share options were outstanding under the Option Scheme during the year:

	Number of share options											
Name of category of participant	Outstanding as at 1 April 2006	Granted during the year	Exercised during the year	Outstanding as at 31 March 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008	Exercisable as at 31 March 2008	Date of grant	Exercise period	Exercise price *HK$*
Director												
Mr. Lee Chi Shing, Caesar	–	2,500,000	–	2,500,000	–	(2,500,000)	–	–	–	19-12-2006	19-12-2007 to 18-12-2016	0.418
	–	1,000,000	–	1,000,000	–	(1,000,000)	–	–	–	23-02-2007	23-02-2008 to 22-02-2017	0.300
Mr. Siu Hi Lam, Alick	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	(500,000)	–	–	–	26-03-2007	26-03-2008 to 25-03-2017	0.330
Mr. Kwok Kwan Hung	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
Mr. Chien Hoe Yong	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
Consultants												
In aggregate	–	74,000,000	(5,000,000)	69,000,000	–	(28,700,000)	(40,300,000)	–	–	23-02-2007	23-2-2007 to 22-02-2008	0.300
	–	–	–	–	38,400,000	(3,500,000)	–	34,900,000	34,900,000	13-08-2007	13-08-2007 to 12-08-2017	0.380
	–	–	–	–	28,800,000	–	–	28,800,000	28,800,000	17-08-2007	17-08-2007 to 16-08-2017	0.360
	–	–	–	–	19,200,000	–	–	19,200,000	19,200,000	21-08-2007	21-08-2007 to 20-08-2017	0.345
Other employees												
In aggregate	–	250,000	–	250,000	–	(250,000)	–	–	–	19-12-2006	19-12-2006 to 18-12-2016	0.418
	–	–	–	–	9,800,000	(9,800,000)	–	–	–	21-08-2007	21-08-2007 to 20-08-2017	0.345
	–	–	–	–	400,000	–	–	400,000	400,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	79,250,000	(5,000,000)	74,250,000	97,350,000	(46,250,000)	(40,300,000)	85,050,000	85,050,000			

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The number of share options and exercised price had been adjusted following the completion of open offer. These fair values of the share options granted during the years were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

Date of grant:	**19 December 2006**	**23 February 2007**	**23 February 2007**	**23 February 2007**	**26 March 2007**	**13 August 2007**	**17 August 2007**	**21 August 2007**	**1 November 2007**
No. of share options:	2,750,000	1,000,000	7,400,000	66,600,000	1,500,000	38,400,000	28,800,000	29,000,000	1,150,000
Option value:	0.111277	0.073625	0.0378382	0.0435221	0.088343	0.06634	0.02608	0.06007	0.2596365
Stock price as at the date of grant (in HK dollar)	0.408	0.280	0.280	0.280	0.320	0.375	0.280	0.340	1.470
Exercise price (in HK dollar)	0.418	0.300	0.300	0.300	0.330	0.380	0.360	0.345	1.470
Expected volatility	70%	70%	70%	70%	70%	61.97%	62.15%	62.15%	61.72%
Expected life (year)	1	1	0.25	0.33	1	0.5	0.5	0.5	0.5
Risk-free rate*	3.57%	4.04%	3.51%	3.69%	3.74%	3.96%	3.97%	3.88%	2.22%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%

* Risk free rate was interpolated from the yields to maturity of respective Hong Kong Exchange Fund Note with respective terms as at the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$5,757,471 for the year ended 31 March 2008 (2007: HK$3,272,393) in relation to share options granted by the Company.

At 31 March 2008, the Company had 85,050,000 share options (2007: 74,250,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 85,050,000 additional ordinary shares of HK$0.02 each of the Company and additional share capital of HK$1,701,000 (2007: HK$1,485,000) and cash proceeds to the Company of HK$32,274,500 (2007: HK$22,644,500) (before share issue expenses).

30. RESERVES OF THE COMPANY

	Share premium *HK$*	Contributed surplus *HK$*	Share options reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
The Company					
At 1 April 2006	8,095,956	367,874	–	(29,252,230)	(20,788,400)
Placement of new shares	8,000,000	–	–	–	8,000,000
Transaction costs attributable to placement of new shares	(405,120)	–	–	–	(405,120)
Recognition of equity-settled share-based payment	–	–	3,558,215	(285,822)	3,272,393
Exercise of share options	1,400,000	–	(285,822)	285,822	1,400,000
Loss for the year	–	–	–	(1,380,580)	(1,380,580)
At 31 March 2007 and 1 April 2007	17,090,836	367,874	3,272,393	(30,632,810)	(9,901,707)
Issue of shares for acquisition of subsidiaries	383,600,000	–	–	–	383,600,000
Placement of new shares	174,448,500	–	–	–	174,448,500
Transaction costs attributable to placement of new shares	(4,675,350)	–	–	–	(4,675,350)
Recognition of equity-settled share-based payment	–	–	5,757,471	–	5,757,471
Forfeiture of lapsed shares under share option scheme	–	–	(1,731,036)	1,731,036	–
Exercise of share options	16,702,697	–	(2,692,197)	–	14,010,500
Loss for the year	–	–	–	(512,341,259)	(512,341,259)
At 31 March 2008	587,166,683	367,874	4,606,631	(541,243,033)	50,898,155

Note: The contributed surplus of the Company represents the difference between the consolidated net assets of the acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefore.

31. DEFERRED TAX

The following are the major deferred tax assets/liabilities recognised by the Group, and the movements thereon.

	Revaluation of properties	Accelerated tax depreciation	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*
At 1 April 2006	–	(84,486)	84,486	–
(Charge)/credit to the consolidated income statement for the year	–	(164,098)	164,098	–
At 31 March 2007	–	(248,584)	248,584	–
Charge to the equity during the year	(231,000)	–	–	(231,000)
(Charge)/credit to the consolidated income statement for the year	(5,250)	19,881	(19,881)	(5,250)
At 31 March 2008	(236,250)	(228,703)	228,703	(236,250)

The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2008	2007
	HK$	*HK$*
Deferred tax assets	228,703	248,584
Deferred tax liabilities	(464,953)	(248,584)
	(236,250)	–

At 31 March 2008, the Group had unused tax losses of approximately HK$31,562,000 (2007: HK$22,872,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$1,307,000 (2007: HK$1,420,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$30,255,000 (2007: HK$21,452,000) due to the unpredictability of future profits streams. All losses may be carried forward indefinitely subject to the approvals of Inland Revenue Department in Hong Kong.

32. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

Save as disclosed elsewhere to the consolidated financial statements, during the year ended 31 March 2008, the Group had entered into the following significant related party transactions:

Compensation of key management personnel

The remunerations of directors and other members of key executives are as follows:

	2008	**2007**
	HK$	*HK$*
Short-term benefits	5,722,259	1,049,031
Retirement benefit scheme contributions	31,000	27,165
Share options granted	1,169,766	1,455,834
	6,923,025	2,532,030

The remunerations of directors and members of key executives are determined, in consultation with the Remuneration Committee, by the directors having regard to the performance of individuals and markets trends.

(b) Balance

Details of balances with related parties at the balance sheet date are set out in note 24.

33. OPERATING LEASE ARRANGEMENTS

The Group had of approximately HK$560,000 (2007: HK$650,000) and HK$ Nil (2007: HK$46,000) minimum lease payments under operating lease during the year in respect of office premises and motor vehicles respectively.

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments in respect of office premises and motor vehicle under non-cancellable operating lease which fall due as follows:

	2008	**2007**
	HK$	*HK$*
Within one year	1,200,000	230,626
In the second to fifth year inclusive	850,000	461,252
	2,050,000	691,878

Operating lease payments represent rentals paid or payable by the Group for its office premises. Leases and rentals are negotiated for an average term of three years.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	**2007**
	HK$	*HK$*
Within one year	264,000	180,000

Leases are negotiated for an average term of two years and rentals are fixed throughout the lease period.

34. ACQUISITION OF SUBSIDIARIES

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King for an aggregate consideration of approximately HK$429,878,000. The fair value of the identifiable assets and liabilities of Loyal King and its subsidiaries ("Loyal King Group") as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition are as follows:

	Carrying amounts prior to the acquisition	**Fair value adjustments**	**Fair values**
	HK$	*HK$*	*HK$*
Property, plant and equipment	340,893	–	340,893
Inventories	47,000	–	47,000
Trade and other receivables	4,147,645	–	4,147,645
Bank balances and cash	4,212,331	–	4,212,331
Deposits	92,600	–	92,600
Trade and other payables	(1,405,929)	–	(1,405,929)
Tax payable	(1,520,975)	–	(1,520,975)
Minority interests	(2,500,958)	–	(2,500,958)
Net assets acquired	3,412,607	–	3,412,607
Goodwill			426,465,393
Total consideration			429,878,000
Satisfied by			
Cash consideration			40,000,000
Expenses incurred for the acquisition			678,000
Issue of shares at fair value *(note)*			389,200,000
			429,878,000
Net cash outflow in respect of the acquisition of Loyal King Group:			
Cash consideration paid			40,000,000
Expenses paid for the acquisition			678,000
Bank balances and cash acquired			(4,212,331)
			36,465,669

Note: As part of the consideration for the acquisition of Loyal King Group, 280,000,000 ordinary shares of the Company with par value of HK$0.02 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of acquisition of HK$1.39 per shares, amounted to HK$389,200,000.

During the year ended 31 March 2008, Loyal King Group contributed approximately HK$19,838,000 to the Group's profit for the year.

Goodwill arose in the acquisition because the cost of the acquisition included control premium paid for the acquisition. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

If the above acquisition had been completed on 1 April 2007, total restated group turnover for the year 2008 would have been approximately HK$70,628,000 and restated profit for the year 2008 would have been approximately HK$7,857,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue an results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

35. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,000 for each of its employees to the Scheme per month, which contribution is matched by employees.

36. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$ Nil (2007: HK$39,047).

37. POST BALANCE SHEET EVENT

On 26 November 2007 and 11 December 2007, the Company enter into the formal acquisition agreement and the supplemental agreement with individual third parties to acquire the entire issued share capital of Superb Kings Limited ("Superb Kings") with an aggregated consideration of HK$205,000,000, Superb Kings is principally engaged in the utilisation of the land in Cagayan Valley of the Philippines for the development of the Prestigious and Leisure Resort. Up to the date of approval of this report, the acquisition still not completed and the detail of the transaction was disclosed in the Company's announcement dated 22 December 2007.

The board of directors of the Company proposes to change the name of "Galileo Holdings Limited 嘉利福控股有限公司" to "Sun International Group Limited 太陽國際集團有限公司". Details are set out on the Company's announcement dated 21 December 2007.

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2008.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2008

The following are the unaudited consolidated financial statements of the Group extracted from the half-yearly results of the Company for the three months and nine months ended 31 December 2008 together with the comparative unaudited figures for the corresponding period in 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months and nine months ended 31 December 2008

		For the three months ended 31 December		For the nine months ended 31 December	
		2008	**2007**	**2008**	**2007**
	Note	*HK$*	*HK$*	*HK$*	*HK$*
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	*2*	35,876,299	3,579,836	133,632,928	6,248,014
Direct costs		(11,108,018)	(2,512,010)	(32,858,234)	(4,089,105)
Gross profit		24,768,281	1,067,826	100,774,694	2,158,909
Other operating income		210,904	328,086	285,851	452,448
Administrative expenses		(14,827,618)	(9,296,383)	(57,004,710)	(20,463,350)
Finance costs		(20,823)	(64,235)	(64,524)	(245,387)
Loss on disposal of subsidiaries	*3*	(4,631,842)	–	(4,631,842)	–
Profit/(Loss) before taxation		5,498,902	(7,964,706)	39,359,469	(18,097,380)
Income tax expense	*4*	(3,200,669)	(141,000)	(12,951,619)	(141,000)
Profit/(Loss) for the period		2,298,233	(8,105,706)	26,407,850	(18,238,380)
Attributable to:					
Equity holders of the company		1,843,831	(8,307,854)	23,133,386	(18,440,528)
Minority interests		454,402	202,148	3,274,464	202,148
		2,298,233	(8,105,706)	26,407,850	(18,238,380)
Dividend	*5*	–	–	–	–
Earnings/(Loss) per share	*6*				
Basic (HK cents per share)		0.22	(0.63)	1.91	(1.66)
Diluted (HK cents per share)		0.19	N/A	1.69	N/A

CONDENSED CONSOLIDATION STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2008

	Attributable to equity holders of the Company									
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Property Revaluation Reserve	Accumulated Loss	Total	Minority Interest	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 April 2007	19,300,000	17,090,836	–	(119,998)	3,272,393	–	(34,198,593)	5,344,638	–	5,344,638
Share placing	5,494,000	174,448,500	–	–	–	–	–	179,942,500	–	179,942,500
Issue of consideration shares	5,600,000	148,400,000	–	–	–	–	–	154,000,000	–	154,000,000
Recognition of share issue expenses	–	(4,632,851)	–	–	–	–	–	(4,632,851)	–	(4,632,851)
Share option benefits	–	–	–	–	5,716,284	–	–	5,716,284	–	5,716,284
Exercise of share options	895,000	16,009,006	–	–	(2,433,506)	–	–	14,470,500	–	14,470,500
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	2,500,958	2,500,958
Loss for the nine months ended 31 December 2007	–	–	–	–	–	–	(18,440,528)	(18,440,528)	202,148	(18,238,380)
At 31 December 2007	31,289,000	351,315,491	–	(119,998)	6,555,171	–	(52,639,121)	336,400,543	2,703,106	339,103,649
At 1 April 2008	31,319,000	587,166,683	–	(119,998)	4,606,631	1,089,000	(30,081,198)	593,980,118	2,705,088	596,685,206
Issue of shares for acquisition of subsidiary *(Note 1)*	2,100,000	75,600,000	–	–	–	–	–	77,700,000	–	77,700,000
Exercise of share options *(Notes 2 & 3)*	120,000	2,228,759	–	–	(218,759)	–	–	2,130,000	–	2,130,000
Share option lapsed	–	–	–	–	(357,081)	–	357,081	–	–	–
Share option benefits	–	–	–	–	15,946,877	–	–	15,946,877	–	15,946,877
Repurchase of shares *(Note 4)*	(254,600)	–	–	–	–	–	–	(254,600)	–	(254,600)
Premium on repurchase of share	–	(6,496,650)	–	–	–	–	–	(6,496,650)	–	(6,496,650)
Capital redemption reserve arising from repurchase of shares	–	–	254,600	–	–	–	(254,600)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	(899,000)	453,375	(445,625)	–	(445,625)
Profit for the nine months ended 31 December 2008	–	–	–	–	–	–	23,133,386	23,133,386	3,274,464	26,407,850
At 31 December 2008	33,284,400	658,498,792	254,600	(119,998)	19,977,668	190,000	(6,391,956)	705,693,506	5,979,552	711,673,058
			Note 4	*Note 5*						

Notes:

1. On 20 May 2008, the Company issued and allotted 105,000,000 shares for partly consideration for the acquisition of a subsidiary, Superb Kings Limited.

2. On 22 May 2008 and 10 June 2008, the Company allotted and issued 500,000 and 5,000,000 new shares of HK$0.02 each pursuant to the exercise of share options. The exercise price was HK$0.33 and HK$0.36 per share respectively.

3. On 25 September 2008, the Company allotted and issued 250,000 new shares of HK$0.04 each pursuant to the exercise of share options. The exercise price was HK$0.66 per share.

4. The Company repurchased its own shares on the Stock Exchange during the period ended 30 September 2008. The shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

5. The merger deficit of the Group represents the difference between the nominal value of the shares of acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefor.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results have been prepared under the historical cost convention except for certain properties and certain financial instruments, which are measured at fair values.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 March 2008.

The unaudited consolidated results of the Group for the nine months ended 31 December 2008 are unaudited but have been reviewed by the Company's Audit Committee.

2. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers and is analysed as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2008	**2007**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Agency income	188,054	–	529,220	–
Business consultancy services income	860,645	130,000	978,145	365,000
Computer services income	24,602,730	2,287,422	100,200,929	2,287,422
Funeral services income	87,463	1,117,414	523,817	3,460,592
Hotel business income	10,137,407	–	31,385,817	–
Rental income	–	45,000	15,000	135,000
	35,876,299	3,579,836	133,632,928	6,248,014

3. DISPOSAL OF SUBSIDIARIES

	Cheung Shing *HK$*	Grand Sea *HK$*
Net assets disposal of:		
Property, plant and equipment	847,711	8,989,755
Trade and other receivables	98,210	–
Prepayment and deposit paid	25,682	–
Bank balances and cash	(1,094)	2,565
Temporary receipt	(68,436)	–
Bank loan	–	(3,584,214)
Amounts due to related companies	(81,713)	2,010,889
Accruals and other payables	(50)	–
Deferred tax	–	(554,603)
	820,310	6,864,392
Expenses incurred for the disposal	41,015	46,904
Loss on disposal	(611,325)	(4,020,517)
Total consideration	250,000	2,890,779
Satisfied by:		
Cash consideration	250,000	2,890,779
Net cash inflow raised on disposal:		
Cash consideration	250,000	2,890,779
Expenses incurred for the disposal	(41,015)	(46,904)
Bank balances and cash disposed of	1,094	(2,565)
	210,079	2,841,310

The amount of consideration receivable was non – interest bearing. The amount was settled during the period ended 31 December 2008. The subsidiaries disposal on 26 November 2008 contributed HK$538,817 to the Group's turnover and HK$174,397 to the Group's loss from operations.

4. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided for in the financial statements at 16.5% on the amount of estimated assessable profits arising in Hong Kong (2007: 17.5%).

5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2008 (2007: Nil).

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to equity holders of the Company of HK$23,133,386 (2007: a loss of HK$18,440,528) and the weighted average number of ordinary share of 1,082,263,600 (2007: 1,108,209,636) in issue during the period as retrospectively adjusted for the effects of the Share Consolidation which became effective on 26 June 2008.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	For the three months ended 31 December		**For the nine months ended 31 December**	
	2008	**2007**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Profit/(Loss) for the period and profit/(loss) for the purpose of determining basic profit/(loss) earnings per share	1,843,831	(8,307,854)	23,133,386	(18,440,528)
	Number of shares	*Number of shares*	*Number of shares*	*Number of shares*
Weighted average number of ordinary shares for the purpose of determining basic (loss) earnings per share	833,524,262	1,309,382,065	1,082,263,600	1,108,209,636
Adjustment for assumed exercise of share options	69,384,157	–	99,347,011	–
	902,908,419	1,309,382,065	1,181,610,611	1,108,209,636

7. ACQUISITION OF SUBSIDIARIES

	HK$
At 31 March 2008	426,465,393
Additions arising from acquisition of subsidiaries *(Notes a & b)*	89,236,868
At 31 December 2008	515,702,261

Notes:

(a) On 20 May 2008, the Company completed to acquire subsidiary for an aggregate consideration of HK$168,004,303. This transaction has been accounted for by the acquisition method of accounting.

	HK$
Net assets acquired:	
Property, plant and equipment	75,458,718
Prepayment and deposit	3,562,281
	79,020,999
Goodwill	88,983,304
Total consideration	168,004,303
Satisfied by:	
Cash consideration	89,500,000
Issue of shares at fair value *(Note)*	77,700,000
Expenses incurred for the acquisition	804,303
	168,004,303
Net cash outflow in respect of acquisition of Superb Kings Limited:	
Cash consideration	89,500,000
Expenses incurred for the acquisition	804,303
	90,304,303

Note: As part of the consideration for the acquisition of Superb Kings Limited, 105,000,000 ordinary shares of the Company with par value of HK$0.02 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of acquisition of HK$0.74 per share, amounted to HK$77,700,000.

(b) On 11 August 2008, the Company completed to acquire subsidiary for an aggregate consideration of HK$1. This transaction has been accounted for by the acquisition method of accounting.

	HK$
Net assets acquired:	
Amount due to related companies	(253,563)
Goodwill	253,564
Total consideration	1
Satisfied by:	
Cash	1

4. INDEBTEDNESS

As at the close of business on 27 April 2009, the Enlarged Group had outstanding borrowings of approximately HK$21,000 finance lease obligation.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Enlarged Group, none of the companies comprising the Enlarged Group had outstanding at the close of business on 27 April 2009 any mortgages, terms loans, charges or debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities.

The Directors have confirmed that there has been no material change in indebtedness or contingent liabilities of the Group since 27 April 2009.

5. WORKING CAPITAL

The Directors are of the opinion that, following completion of the Acquisition, taking into account the financial resources available to the Enlarged Group, including the internally generated funds and the present available banking facilities of the Enlarged Group, and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements that is for at least the next 12 months from the date of this circular.

6. MATERIAL CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2008, the date to which the latest audited consolidated financial statements of the Group were made.

7. MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2006

Financial performance

The Group recorded a turnover of approximately HK$2.4 million for the year ended 31 March 2006, representing a strong increase of approximately 157% over the previous year's turnover of approximately HK$0.9 million. Such increase in turnover was mainly due to the fact that many of the deals under negotiation throughout the two years ended 31 March 2006 were completed during the financial year under review. The income generated was therefore recognised after these transactions had been concluded successfully.

Cost of services for the year had gone up to approximately HK$0.5 million from approximately HK$0.2 million recorded in the previous financial year. Nonetheless, the cost of services at less than 25% of turnover was still considered manageable and the increase was in line with the higher turnover as anticipated.

Administrative and general expenses together with other operating expenses reduced by approximately 2.5% to approximately HK$3.7 million compared to approximately HK$3.8 million in the previous financial year.

Net loss for the year ended 31 March 2006 was approximately HK$1.9 million, representing a decrease of approximately HK$1.2 million or more than 38%. As all cost and expenditure items remained at a stable level, the smaller loss mainly reflected a higher turnover recorded for the year with the bulk of the revenue due from clients recognised in the financial year under review when the deals were successfully brought to a conclusion.

Liquidity and financial resources

As at 31 March 2006, the Group had net tangible liabilities of approximately HK$3.7 million and net current liabilities of approximately HK$4.2 million. The net tangible liabilities value was caused by the amount due to a Director had gone up from approximately HK$2.8 million to nearly HK$4.4 million. This advance was unsecured and carried interest at 1.5% per annum which for the year under review was waived. The Group had approximately HK$0.3 million cash and bank balances as at 31 March 2006, which was a decline of nearly 39% due to further loss incurred during the year.

Gearing ratio

As at 31 March 2006, the Group had a gearing ratio (being total debts net of payables under ordinary course of business over total assets) of approximately 338% (31 March 2005: approximately 201%).

Capital structure

There was no change in the capital structure of the Company during the year.

Employees information

The total number of employees was 13 as at 31 March 2006 (31 March 2005: 16), and the total remuneration for the year under review was about HK$2.1 million (2005: approximately HK$1.7 million). The remuneration policy of the Group was reviewed and approved by the Board and the remuneration committee of the Company. Discretionary bonus was linked to performance of the individual employee.

Charges on assets

During the years ended 31 March 2006 and 2005, none of the Group's assets was charged.

Contingent liabilities

On 16 November 2004, RMB0.8 million deposits were received by Galileo Asset Management Limited (the "GAML"), a wholly owned subsidiary of the Company, for the purpose of providing advisory services for the client after signing the consultancy agreement between the parties. On 7 January 2006, a letter was sent to GAML for termination of the consultancy agreement and the said client requested for the return of the RMB0.8 million deposit.

However, the Company's legal adviser had advised the directors of GAML that such client had been in breach of the consultancy agreement between GAML and such client and that GAML was not obliged to return the sum of RMB0.8 million to the client but conversely GAML would have a potential claim against the client for breach of contract. Accordingly, the Directors considered the RMB0.8 million to be non-refundable upfront fee payable under the consultancy agreement, and no liability had been assumed and accordingly, the amount of RMB0.8 million had not been accounted for in the income statement.

The Directors considered that the outcome of the claim referred above would not have a material adverse effect on the financial position of the Group.

Dividend

The Directors did not recommend the payment of dividend for the year ended 31 March 2006.

Business review

2005 saw the unmistakable sign of the local economy continuing its strong recovery. Business activities in the capital and securities markets had both picked up considerably in tandem with the PRC's growing needs for overseas fund-raising. Through cooperation with other investment banks and financial service providers, the Group had been involved in the protracted negotiations with a number of promising clients in the PRC for placements and listings as well as finalising credit facilities. The better than expected increase in turnover had been generated from financial advisory assignments due to the Group's strong in-house structuring expertise.

Whenever possible, the Group had been active in building bridges to second-tier cities in the PRC. This was a sustained long term process to establish a strong delivery platform for the Group's financial and investment products to corporate clients. The management hoped to position the Group as a premier financial service provider in the Greater China region in the years to come.

For the year ended 31 March 2007

Financial Performance

The Group recorded a turnover of HK$1,643,189 for the year ended 31 March 2007, representing a decrease of 30% from last year's turnover of approximately HK$2,357,000. The decrease was mainly due to the fact that the funeral business was taken up on 17 January 2007. Only two months' result was included in the accounts for the year ended 31 March 2007. The contributions to operating results by business segment were resulted from business activity of business consultancy services and funeral services income. HK$923,000 was generated from business consultancy service income, HK$690,189 was generated from funeral services income and HK$30,000 was generated from other income of the Company.

The cost of services for the whole year had dropped to HK$524,339 from HK$544,764 recorded during last year. The decrease in gross profit percentage was mainly due to the lower gross profit rate of funeral business. However, higher turnover is expected for the year ended 31 March 2008 and the resulted total gross profit will be increased.

Administrative and general expenses together with other operating expenses made an increase of 230% to HK$12,376,094 compared to HK$3,744,815 in 2006. Their increase was mainly due to the granting of share options, the administrative expenses and goodwill written off in acquiring the funeral business. The administrative expenses will be reduced for the coming years due to the lower rental expenses by changing to the new office.

The net loss for the year ended 31 March 2007 was HK$6,511,635, an increase of HK$4,579,835 or more than 237%. The higher loss figure mainly reflected a higher administrative and general expense for the year due to the granting of share options and the cost, including the goodwill written off, associated with the acquisition of the funeral business.

Liquidity and Financial Resources

As of 31 March 2007, the Group had a net assets amounted to HK$5,344,638 and a net current liabilities amounted to HK$4,742,109. Net current liabilities continued to be negative because there was an obtaining of other borrowings of HK$5 million in current year. This advance was unsecured and carried interest at 6% per annum and repayable within twelve months. The Group had HK$1,801,684 bank balances and cash as of 31 March 2007 which was an increase of approximately 445% as compared with last year due to the raising of capital and other borrowings obtained.

Gearing Ratio

For the year ended 31 March 2007, the Group had gearing ratio which is defined as total debts net of payable under ordinary course of business over total assets of approximately 45% (2006: 338%).

Capital Structure

Movements in share capital are reflected in note 23 to the financial statements.

Employees Information

The total number of employees was 18 as at 31 March 2007 (31 March 2006: 13), and the total remuneration for the year 2007 was about HK$3,704,392 (2006: HK$2,074,149). The remuneration policy of the Group was reviewed and approved by the Board and the Remuneration Committee. Discretionary bonus was linked to performance of the individual specific to each case.

Charges on Group Assets

As at 31 March 2007, property, plant and equipment of the Group with net book value of approximately HK$265,000 was held under finance lease (2006: Nil).

Contingent Liabilities

As at 31 March 2007, the Group had no contingent liabilities.

Dividend

The directors do not recommend the payment of dividend for the year ended 31 March 2007.

Business Review

Hong Kong continued its economic recovery in 2006. Business activities in the capital and securities markets have both picked up considerably in tandem with China's growing needs for overseas fund-raising. Through cooperation with other investment banks and financial service providers, we have been involved in the protracted negotiations with a number of promising clients in mainland China for placement and listing as well as finalising credit facilities. Our strong in-house experts were able to provide quality professional services.

Following the acquisition of Cheung Shing Funeral Limited, the Group would enhance its future development in funeral services so as to strengthen its revenue base. We hope to position ourselves as the premier funeral service provider in Hong Kong in the years to come.

For the year ended 31 March 2008

Financial Performance

The Group recorded a turnover of HK$44,335,788 for the year ended 31 March 2008, representing an increase of 2,598% when compared to the turnover of HK$1,643,189 in the last fiscal year. The increase was mainly due to the business of computer software solution and service taken up on 19 December 2007. Its result was included in the accounts for the year ended 31 March 2008.

The direct costs was increased to HK$9,201,795 from HK$524,339 recorded during last year as a results of the direct operation costs produced from the newly acquired business of computer software solution and service.

Administrative expenses made an increase of 129% to HK$28,366,598 compared to HK$12,376,094 in 2007. The increase was mainly due to the operating activities increased in current fiscal year as a result of the acquisition of the business of computer software solution and service.

The net profit attributable to equity holders of the Company for the year ended 31 March 2008 was HK$2,386,359 as compared with the net loss of HK$6,511,635 for the last fiscal year.

Liquidity and Financial Resources

As at 31 March 2008, the Group's net assets increased to approximately HK$596,685,000 from net assets of approximately HK$5,345,000 as at 31 March 2007. The bank balances as at 31 March 2008 was approximately HK$104,664,000 as compared to the balance of approximately HK$1,802,000 as at 31 March 2007. The increase in net assets was due to bank balances increased as a result of the completion of placing of shares and cash generated from turnover, goodwill recognised from acquisition of subsidiaries, trade receivables from the increased turnover and deposits for the acquisition of subsidiaries in next year. During the year ended 31 March 2008, the Group's operation was mainly financed by the operating activities of the Group and the net proceeds from shares placing.

Gearing Ratio

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 1% (31 March 2007: 94%).

Capital Structure

Movements in share capital are reflected in note 28 to the consolidated financial statements.

Employee Information

The total number of employees was 41 as at 31 March 2008 (2007: 18), and the total remuneration for the year ended 31 March 2008 was approximately HK$12,809,000 (2007: HK$3,704,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

Charges on Group Assets

As at 31 March 2008, plant and equipment of the Group with net book value of HK$26,682 was held under finance leases (2007: HK$265,000) and properties with net book value of HK$7,560,000 were pledged as securities for bank loan (2007: Nil).

Contingent Liabilities

As at 31 March 2008, the Group had no contingent liabilities.

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 March 2008, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Acquisition of Subsidiaries

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited for an aggregate consideration of approximately HK$429,878,000. These newly acquired subsidiaries are principally engaged in the provision of computer hardware and software services. Details of the acquisition are set out in note 34 to the consolidated financial statements.

Segment Information

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organised into three business segments – business consultancy, computer software solution and service and funeral services.

Principal activities are as follows:

Business consultancy	–	providing services to assist clients on various business or management issues
Computer software solution and service	–	provision of computer hardware and software service
Funeral services	–	providing services to assist clients on various funeral custom and activities

Dividend

No dividend was paid or proposed during the year ended 31 March 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

Business Review

For the whole year under review, the international financial market showed mixed signs of direction. The stock market was seriously affected by the United States home loan market. On the other hand, a series of controlling measures had been launched by China to curb the overheated stock market and the property market while the Hong Kong stock exchange will benefit from the decreasing interest rate. This has led to increased opportunity in offering our services in raising finance for high quality projects in the coming months. Through cooperation with other investment banks and financial service providers, we have been involved in the protracted negotiations with a number of promising clients in mainland China for placement and listing as well as finalising credit facilities. Our strong in-house experts were able to provide quality professional services.

Following the acquisition of Loyal King Investments Limited and its subsidiaries (the "Loyal King Group"), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to increase its market share in the gaming market and improve its financial position by increasing revenue and profit.

For the nine months ended 31 December 2008

Review of Financial Performance

The Group recorded a turnover of HK$133,632,928 for the nine months ended 31 December 2008, representing an increase of 2,039% when compared to the corresponding period in the last fiscal year. The increase was mainly due to the revenue generated from the acquired subsidiaries engaging in information technology related business and hotel business, of which the results were included in the accounts for the nine months ended 31 December 2008.

The direct costs were increased to HK$32,858,234 from HK$4,089,105 recorded during the same period last year. The increase in gross profit percentage was mainly due to the higher gross profit rate of information technology related business and hotel business.

Administrative expenses made an increase of 178% to HK$57,004,710 compared to HK$20,463,350 in 2007. The increase was mainly due to the costs incurred by the subsidiaries acquired in December 2007 and May 2008 for income generation, and share option granted during the period.

The net profit attributable to equity holders of the Company for the nine months ended 31 December 2008 was HK$23,133,386, an increase of HK$41,573,914 or more than 225% as compared with the corresponding period in the last fiscal year. The higher profit figure mainly reflected a higher turnover generated by the information technology related business and hotel business acquired in December 2007 and May 2008 respectively.

Business Review

For the period under review, the international financial market was seriously affected by the financial crisis due to the United States home loan market. Rescue plans were implemented by various government authorities in strengthening their banking systems. However, the global financial tsunami had caused an adverse effect on consumer spending and investment environment. The Board had decided to suspend the financial advisory service.

Following the acquisition of Loyal King Limited and its subsidiaries (the "Loyal King Group"), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to increase its market share in the gaming market and improve its financial position by increasing revenue and profit.

The operation of the resort hotel in Cagayan, the Philippines had been suspended from August 2008 due to the destruction of hotel facilities by an exceptional big typhoon. The renovation work had been completed in November 2008. The hotel operation restarted in November 2008.

Prospects

For the foreseeable future, China will continue to be a major factor of international trade. However, under the present condition of the investment environment, the Board will pay more attention to projects which can generate stable income to the Group.

Regarding the provision of computer system and related services in relation to the on-line entertainment and gaming activities, the Board is of the view that the performance is promising and it will greatly improve the Group's financial position.

The Board is always seeking opportunities to diversify the Group's revenue streams in order to enhance shareholders' value and is optimistic about the project of acquiring Superb Kings Limited. The Board is attracted by the future prospect of tourism development and is optimistic about the prospect of the hotel and tourism business in Cagayan Valley of the Philippines as the demand for accommodations and entertainment facilities will continue to grow in the near future. The Board is of the view it can provide valuable opportunity for the Group to tap into the hotel industry while to increase the value of the Group, which are in the interests of the Shareholders as a whole. The typhoon event happened in August 2008 was only an exceptional case. All the renovation work had been completed in November 2008. The hotel operation restarted in November 2008.

Concerning the loan to Gold Track Mining and Resources Limited ("Gold Track"), the Board considers that Indonesia has abundant resources to be discovered and explored. It will provide a great potential for the business growth if the Group is able to step into the natural resources business of Indonesia. As the current financial position of the Group is sound, the Board considers it is beneficial to provide the Loan to Gold Track. On 8 October 2008, the

Group entered into a subscription agreement with Gold Track, pursuant to which the Group would subscribe 11,739 shares of Gold Track (representing 54% of the enlarged share capital to Gold Track), in consideration of the Group capitalizing the loan. Gold Track has the requisite experience and knowledge in discovery of the natural resources.

Material Acquisition

On 20 May 2008, the Company completed to acquire the entire share capital of Superb Kings Limited and all the liabilities and debts owing or incurred by Superb Kings Limited to the vendor due and payable on or at any time prior to the completion at a consideration of HK$205,000,000. The consideration was satisfied by (i) HK$115,500,000 by procuring the Company to allot and issue the Consideration Shares on completion; (ii) HK$44,750,000 in cash as deposit; and (iii) HK$44,750,000 in cash on completion. Details of the acquisition are set out in the circular of the Company dated 10 April 2008.

Liquidity and Financial Resources

As of 31 December 2008, the Group's net assets increased to approximately HK$711,673,000 from net assets of approximately HK$596,685,000 as at 31 March 2008. The cash and bank balances as at 31 December 2008 was approximately HK$36,711,000, representing a decline of approximately 65% when compared with the balance as at 31 March 2008. During the nine months ended 31 December 2008, the Group's operation was mainly financed by the internal financial resources of the Group.

Share Consolidation

On 21 May 2008, the Company announced that it proposed to consolidate every two shares of HK$0.02 each in the capital of the Company into one share of HK$0.04 each (the "Share Consolidation"). Immediately before the Share Consolidation, the authorized share capital of the Company was HK$120,000,000, comprising 6,000,000,000 shares of HK$0.02 each, of which 1,676,450,000 shares of HK$0.02 each were issued and fully paid. Immediately following the Share Consolidation, the authorized share capital of the Company remained at HK$120,000,000, comprising 3,000,000,000 shares of HK$0.04 each, of which approximately 838,225,000 shares of HK$0.04 each were in issue. Details of the Share Consolidation were set out in the Company's circular dated 4 June 2008 and the resolutions in respect of the Share Consolidation were duly passed by the Company's shareholders at the extraordinary general meeting held on 25 June 2008. The Share Consolidation became effective on 26 June 2008.

Charges on Group Assets

As at 31 December 2008, plant and equipment of the Group with net book value of HK$20,825 was held under finance lease (2007: HK$28,635) and properties disposal on 26 November 2008 with net book value of HK$6,233,750 in 2007 were pledged as securities for bank loan.

Contingent Liabilities

As at 31 December 2008, the Group had no contingent liabilities.

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 December 2008, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Employee Information

The total number of employees was approximately 600 as at 31 December 2008 (2007: 27), and the total remuneration for the nine months ended 31 December 2008 was approximately HK$34,379,000 (2007: HK$12,487,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

Change of Company Name

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 5 May 2008, the name of the Company changed from Galileo Holdings Limited 嘉利福控股有限公司 to Sun International Group Limited 太陽國際集團有限公司.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Andes Glacier & Co, Certified Public Accountants, Hong Kong.

1. ACCOUNTANTS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS OF GOLD TRACK GROUP

Andes Glacier & Co
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行

Unit 1, 30th Floor
No.99 Hennessy Road
Wanchai
Hong Kong

22 June 2009

The Board of Directors
Sun International Group Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan

Dear Sirs,

We set out below our report on the financial information regarding Gold Track Mining and Resources Limited ("Gold Track") and its subsidiaries (hereinafter collectively referred to as the "Gold Track Group") for the period from 16 May 2008 (date of incorporation) to 31 March 2009 (the "Relevant Period"), including the consolidated balance sheet of the Gold Track Group and the balance sheet of Gold Track as at 31 March 2009 and the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the Relevant Period, and the notes thereto (the "Financial Information"), for inclusion in the circular of Sun International Group Limited (the "Company") dated 22 June 2009 (the "Circular") in connection with the proposed acquisition of the 54% issued share capital of Gold Track. Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo Capital Group (BVI) Limited ("Galileo BVI") in consideration of Galileo BVI capitalizing the loan of US$1,000,000 (and interest accrued thereon) due from the Gold Track to Galileo BVI.

Gold Track was established in the British Virgin Islands on 16 May 2008 with limited liability. The registered office of Gold Track is situated at Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands. Gold Track is principally engaged in investment holding during the Relevant Period. Particulars of its subsidiaries are as follows:

Name of company	Place of incorporation and operation	Class of shares held	Registered/ issue capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
PT. Tomico Resources	Indonesia	Ordinary	US$500,000	95	–	Investment holding company
PT. Kapitalindo Management	Indonesia	Ordinary	IDR300,000,000	–	95	Mining exploration

No statutory financial statements of Gold Track have been prepared since the date of incorporation. Gold Track adopts 31 March as its financial year end date and the first financial statements will be prepared for the period ended 31 March 2009.

BASIS OF PREPARATION

For the purpose of this report, the directors of Gold Track have prepared the financial statements of Gold Track Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared by the directors of Gold Track based on the financial statements for the Relevant Period, on the basis as set out in Note 4(a) below. The Financial Information has been prepared in accordance with HKFRSs which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of Gold Track are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit and report our opinion to you. For the purpose of this report, we have audited the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" issued by the Hong Kong Institute of Certified Public Accountants.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and the true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Gold Track, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the consolidated state of affairs of Gold Track as at 31 March 2009 and of the consolidated result and cash flow of Gold Track for the Relevant Period in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

SIGNIFICANT UNCERTAINTY RELATING TO GOING CONCERN BASIS OF GOLD TRACK GROUP

Without qualifying our opinion, we draw attention to Note 4(a) of Section II of the Financial Information which indicates that Gold Track Group incurred net loss of HK$616,117 for the year ended 31 March 2009 and Gold Track Group's total liabilities exceeded its total assets by HK$247,202 as at 31 March 2009. These conditions, along with other matters as set forth in Note 4(a), indicate the existence of a material uncertainty which may cast significant doubt about Gold Track Group's ability to continue as a going concern.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

For the period from 16 May 2008 (date of incorporation) to 31 March 2009

	Notes	*HK$*
Turnover	*9*	–
Cost of sales		–
Gross profit		–
Other operating income	*10*	1,402,728
Administrative expenses		(1,602,133)
Finance costs	*11*	(416,712)
(Loss) before taxation	*12*	(616,117)
Income tax expense	*13*	–
(Loss) for the period		(616,117)
Attributable to:		
Equity holders of Gold Track		(618,128)
Minority interests		2,011
		(616,117)

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	*HK$*
Non-current assets		
Goodwill	*16*	207,240
Exploration and evaluation assets	*17*	2,248,375
Property under development	*19*	4,188,253
Property, plant and equipment	*18*	431,405
Loans receivable	*21*	779,069
		7,854,342
Current assets		
Other receivables	*22*	107,040
Bank balances and cash	*23*	3,471,983
		3,579,023
Current liabilities		
Accruals	*24*	22,193
Convertible loans	*25*	7,507,621
Amount due to a related party	*26*	4,043,350
Amount due to a related company	*27*	107,403
		11,680,567
Net current liabilities		(8,101,544)
Net liabilities		(247,202)
Capital and reserves		
Share capital	*28*	78,000
Reserves		(474,798)
Equity attributable to equity holders of Gold Track		(396,798)
Minority interests		149,596
Total equity		(247,202)

BALANCE SHEET

At 31 March 2009

	Notes	*HK$*
Non-current assets		
Investment in subsidiaries	*20*	11,355,230
Current assets		
Bank balances and cash		135,291
		135,291
Current liabilities		
Amount due to a related party	*26*	3,705,000
Convertible loans	*25*	7,507,621
		11,212,621
Net current liabilities		(11,077,330)
Net assets		277,900
Capital and reserves		
Share capital	*28*	78,000
Reserves		199,900
Total equity		277,900

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 16 May 2008 (date of incorporation) to 31 March 2009

	Equity attributable to equity holders of Gold Track Reserves						
	Share capital	**Convertible loans equity reserve**	**Accumulated loss**	**Exchange reserve**	**Total**	**Minority interests**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 16 May 2008 (date of incorporation)	–	–	–	–	–	–	–
Issue of shares on 22 May 2008	78,000	–	–	–	–	–	78,000
Convertible loans	–	709,091	–	–	709,091	–	709,091
Loss for the period	–	–	(618,128)	–	(618,128)	2,011	(616,117)
Pre-acquisition reserve	–	–	137,008	–	137,008	–	137,008
Acquisition of subsidiaries	–	–	–	–	–	184,626	184,626
Exchange reserve	–	–	–	(702,769)	(702,769)	(37,041)	(739,810)
At 31 March 2009	78,000	709,091	(481,120)	(702,769)	(474,798)	149,596	(247,202)

CONSOLIDATED CASH FLOW STATEMENT
For the period from 16 May 2008 (date of incorporation) to 31 March 2009

	HK$
Operating activities	
Loss before taxation	(616,117)
Adjustment for:	
Depreciation of property, plant and equipment	35,809
Bank interest income	(1,189)
Loan interest income	(19,539)
Finance costs	416,712
Operating loss before movements in working capital	(184,324)
Increase in prepayments, deposits and other receivables	(107,040)
Increase in accruals and other payables	22,193
Increase in amount due to a related party	4,043,350
Increase in amount due to a related company	107,403
Cash generated from operating activities	3,881,582
Bank interest income	1,189
Loan interest income	19,539
Net cash generated from operating activities	3,902,310
Investing activities	
Amounts advances to related parties	(779,069)
Purchase of exploration and evaluation assets	(2,248,375)
Construction expenditures on property under development	(4,188,253)
Purchase of property, plant and equipment	(467,214)
Net cash used in investing activities	(7,682,911)
Financing activities	
Proceeds from convertible loans	7,800,000
Proceeds from issue of shares	273,533
Net cash generated from financing activities	8,073,533
Net increase in cash and cash equivalents	4,292,932
Cash and cash equivalents at the beginning of the period	–
Effect of foreign exchange rates changes	(820,949)
Cash and cash equivalents at the end of the period	3,471,983
Analysis of the balance of cash and cash equivalents	
Bank balances and cash	3,471,983

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Gold Track was established in the British Virgin Islands with limited liability. The address of the registered office of Gold Track is situated at Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

Gold Track is principally engaged in investment holding during the Relevant Period and the principal activities of its subsidiary are set out in note 20.

The functional currency of Gold Track is United Stated Dollars. The Financial Information is presented in Hong Kong Dollars.

2. STATEMENT OF COMPLIANCE

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

Gold Track Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The directors of Gold Track anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of Gold Track Group.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in Subsidiary, Joint Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statement[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedge of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Financial Information is prepared under the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 7.

The Financial Information has been prepared on a going concern basis because the shareholders has agreed to provide adequate funds to enable Gold Track Group to meet in full its financial obligations as they fall due for the foreseeable future.

(b) Basis of consolidation

The Financial Information include the financial statement of Gold Track and its subsidiaries made up to 31 March 2009.

The results of subsidiaries acquired or disposed of during the years/periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transaction, balances, income and expenses are eliminated in full on consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Gold Track Group and cease to be consolidated from the date on which the Gold Track Group cease to have control of the subsidiaries. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the respective property, plant and equipment.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives at the rates as follows:

Furniture and fixture	20%
Computer	30%
Motor vehicle	20%
Machinery and equipment	20%
Leasehold improvement	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Costs incurred in maintaining property, plant and equipment in their normal working conditions are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to Gold Track Group.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(d) Property under development

Property under development represents a building under construction, which is stated at cost less impairment losses, and is not depreciated. Cost comprises the direct cost of construction. Property under development is reclassified to the appropriate category of property, plant and equipment when substantially completed and ready for its intended use.

(e) Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include acquisition of rights to explore, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to evaluating commercial and technical feasibility studies of extracting a mineral resources. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised based on the accounting policy as stated in "Mining rights" below. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

(f) Mining rights

Mining rights, including exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the straight-line basis over their estimated useful lives. The useful lives of the mining rights are reviewed annually in accordance with the production plans of Gold Track Group and the proven and probable reserves of the mines. Mining rights are written off to the income statement if the mining property is abandoned.

(g) Goodwill

Goodwill arising from an acquisition of a subsidiary represents the excess of the excess of the cost of acquisition over the Gold Track Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising from an acquisition of a subsidiary is presented separately in the balance sheet.

For the purpose of impairment testing, goodwill arising from as acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising from an acquisition in a financial year, the cash – generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Amy impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(h) Subsidiaries

A subsidiary is a company in which Gold Track directly or indirectly controls more than half of the voting power, or controls the composition of the board of directors.

Investment in a subsidiary is carried in the balance sheet of Gold Track at cost less any provision for diminution in value which is other than temporary as determined by the directors for each subsidiary individually. Any such provisions are recognised as expenses in the income statement.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when Gold Track Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

Gold Track Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Gold Track Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Gold Track Group after deducting all of its liabilities. The financial liabilities of Gold Track Group are mainly other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities are measured at amortised cost, using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Convertible loans

The fair value of the liability portion of convertible loans is determined using a market interest rate for an equivalent non-convertible loan. This amount is record as a liability on an amortised cost basis until extinguished on conversion, maturity or redemption of the loans. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in equity, net of income tax effects, if any.

Equity instruments

Equity instruments issued by Gold Track Group are recorded at the proceeds received, net of direct issue cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Gold Track Group has transferred substantially all the risks and rewards of ownership and control of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from Gold Track Group balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

(j) Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, Gold Track Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(k) Cash and cash equivalents

Cash and cash equivalents are short-term, high liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Gold Track Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Gold Track Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items that charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(n) Turnover

Turnover represents dividend income received and receivable.

(o) Revenue recognition

Dividend income is recognized when the shareholders' right to receive payment has been established.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Borrowing costs capitalised are those costs that would have been avoided if the expenditure on the qualifying assets had not been made, which are either the actual costs incurred on a specific borrowing or an amount calculated using the weighted average method, considering all borrowing costs incurred on general borrowings outstanding. Other borrowing costs are expensed as incurred.

(q) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of Gold Track Group are measured using the currency of the primary economic environment in which Gold Track Group operates ("the functional currency").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the Gold Track Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognized as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(r) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

Gold Track Group does not have any assets under finance leases.

(s) Provision

Provisions are recognised when Gold Track Group has a present obligation as a result of a past event, and it is probable that Gold Track Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(t) Contingent liabilities

A contingent liability is possible obligation that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Gold Track Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow becomes probable, it will then be recognised as a provision.

(u) Related parties

For the purposes of these financial statements, parties are considered to be related to Gold Track Group if Gold Track Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Gold Track Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of Gold Track Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of Gold Track Group or of any entity that is a related party of Gold Track Group.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Gold Track Group's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk and liquidity risk. Gold Track Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on Gold Track's financial performance.

(a) Market risk

Market risk comprises three type of risk: foreign exchange risk, cash flow and fair value interest rate risk and other price risk. Based on the evaluation of Gold Track Group's operations, the directors of Gold Track consider that Gold Track Group's operation are mainly subject to foreign exchange risk and cash flow and fair value interest rate risk.

Foreign exchange risk

The majority of the Gold Track Group's monetary assets and liabilities are denominated in Indonesia Rupiah. The Gold Track Group is exposed to foreign exchange risk in respect of exchange fluctuation of Hong Kong Dollar against Indonesia Rupiah. The Gold Track Group currently does not have a foreign currency hedging policy in respect of foreign currency asset and liabilities. The Gold Track Group will monitor its foreign exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Cash flow and fair value interest rate risk

Gold Track Group has no significant interest-bearing assets except for loans receivable, and cash and cash equivalents. Loans receivable are interest-bearing at fixed rate of 5% per annum. The income and operating cash flows are substantially independent of changes in market interest rates.

The interest rate risk from financial liabilities arises from convertible loans. Convertible loans are interest-bearing at fixed rate and expose Gold Track Group to fair value interest rate risk. Interest should be payable in arrears in one lump sum with the repayment of the loan. Gold Track Group considers the exposure is not significant.

(b) Credit risk

At 31 March 2009, Gold Track Group has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Gold Track Group maintains flexibility in funding by maintaining availability under common credit lines.

The following tables detail Gold Track Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Gold Track Group can be required to pay. The table includes both interest and principal cash flows.

Group

	Weighted average effective interest rate	Less than 1 year *HK$*	Between 2 and 5 years *HK$*	Over 5 years *HK$*	Total contractual undiscounted cash flow *HK$*	Total carrying amount *HK$*
At 31 March 2009						
Accruals	–	22,193	–	–	22,193	22,193
Convertible loans	10%	7,507,621	–	–	7,507,621	7,507,621
Amount due to a related party	–	4,043,350	–	–	4,043,350	4,043,350
Amount due to a related company	–	107,403	–	–	107,403	107,403
		11,680,567	–	–	11,680,567	11,680,567

Company

	Weighted average effective interest rate	Less than 1 year *HK$*	Between 2 and 5 years *HK$*	Over 5 years *HK$*	Total contractual undiscounted cash flow *HK$*	Total carrying amount *HK$*
At 31 March 2009						
Convertible loans	10%	7,507,621	–	–	7,507,621	7,507,621
Amount due to a related party	–	3,705,000	–	–	3,705,000	3,705,000
		11,212,621	–	–	11,212,621	11,212,621

6. CAPITAL RISK MANAGEMENT

Gold Track Group's objectives of managing capital are to safeguard Gold Track Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; to maintain an optimal capital structure to reduce the cost of capital; to provide capital for the purpose of strengthening Gold Track Group's risk management capability.

In order to maintain or adjust the capital structure, Gold Track Group's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gold Track Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. Gold Track Group aims to maintain the gearing ratio at reasonable level. The gearing ratios at 31 March 2009 are as follows:

	At 31 March 2009 *HK$*
Total liabilities	11,680,567
Total assets	11,433,365
Gearing ratio	102%

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and base on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Gold Track Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Gold Track Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 4(g). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. Information about the assumptions and the risk factors on impairment of goodwill are stated in note 4(g).

Impairment of assets

Gold Track Group has to exercise judgment in determining whether an asset is impaired or the event previously causing the asset's impairment no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event previously affecting the asset's value is no longer in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or its disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Impairment of exploration and evaluation costs

The carrying value of exploration and evaluation costs is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of these assets, or, where appropriate, the cash generating unit to which they belong, is calculated as the higher of its fair value less costs to sell and value in use. Estimating the value in use requires Gold Track Group to estimate the expected future cash flows from the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

8. FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of Gold Track consider that the carrying amounts of financial assets and liabilities in the financial statements approximate to their fair value.

9. TURNOVER

No turnover was generated by Gold Track Group during the Relevant Period.

10. OTHER OPERATING INCOME

	From 16 May 2008 to 31 March 2009 *HK$*
Bank interest income	1,189
Loan interest income	19,539
Exchange gain	1,382,000
	1,402,728

11. FINANCE COSTS

	From 16 May 2008 to 31 March 2009 *HK$*
Loan interest	416,712

12. (LOSS) BEFORE TAXATION

(Loss) before taxation has been determined after charging/(crediting) the following items:

	From 16 May 2008 to 31 March 2009 *HK$*
Staff costs including directors' remuneration:	
Directors' remuneration	–
Salaries, commission and allowances	116,949
Contribution to retirement benefits schemes	–
	116,949
Depreciation for property, plant and equipment – owned assets	35,809
Minimum lease payments under operating leases in respect of land and buildings	59,804
Loan interest	416,712
Exchange gain	(1,382,000)

13. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as Gold Track Group did not generate any assessable profits during the Relevant Period.

There are no material unprovided deferred tax assets and liabilities at the balance sheet date.

14. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

During the Relevant Period, no emoluments was paid or payable by Gold Track Group to its directors or the five highest paid employees for services rendered or as an inducement to joint or upon joining or as compensation for loss of office. The directors of Gold Track have not waived any emoluments during the Relevant Period.

	For the period from 16 May 2008 to 31 March 2009				
Name of director	**Fee**	**Salaries, allowance and bonus**	**Retirement scheme**	**Other fringe benefits**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Gold Track Holdings Inc.	–	–	–	–	–
Toni Tri Abdilah, S.H.	–	–	–	–	–
Silvia Widya Irwanti	–	–	–	–	–
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
Cheng Mei Ching	–	–	–	–	–
Tang Hong Kwong	–	–	–	–	–
Lee Chi Shing, Caesar	–	–	–	–	–
	–	–	–	–	–

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

16. GOODWILL

	HK$
Cost	
At 16 May 2008	–
Acquisition of a subsidiary	207,240
At 31 March 2009	207,240
Impairment	
At 16 May 2008	–
Impairment loss recognised	–
At 31 March 2009	–
Net book value	
At 31 March 2009	207,240

During the Relevant Period, Gold Track Group assesses the recoverable amount of goodwill, and determined that recoverable amount of the goodwill is higher than the carrying amount, thus, no impairment loss is recognised.

17. EXPLORATION AND EVALUATION ASSETS

	HK$
At 16 May 2008	–
Additions	2,248,375
At 31 March 2009	2,248,375

The carrying value of exploration and evaluation assets shown above represents the exploitation permit, which is granted by the Indonesian government for exploration of the mineral resources in Endes Flores, Nusa Tenggara Timur in Indonesia.

18. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture	**Computer**	**Motor vehicle**	**Machine and equipment**	**Leasehold improvement**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 16 May 2008	–	–	–	–	–	–
Additions	115,675	6,998	200,330	48,595	95,616	467,214
At 31 March 2009	115,675	6,998	200,330	48,595	95,616	467,214
Accumulated depreciation						
At 16 May 2008	–	–	–	–	–	–
Charge for the year	9,411	875	13,355	4,200	7,968	35,809
At 31 March 2009	9,411	875	13,355	4,200	7,968	35,809
Net book value						
At 31 March 2009	106,264	6,123	186,975	44,395	87,648	431,405

19. PROPERTY UNDER DEVELOPMENT

	At 31 March 2009
	HK$
Property under development	
– Construction cost	4,188,253

Gold Track Group's property under development is situated on a piece of leasehold land in Indonesia. During the period ended 31 March 2009, no completed property has been transferred to property, plant and equipment.

As at the balance sheet date, the directors of Gold Track reviewed the carrying value of the property under development with reference to current market condition and no impairment loss was recognised during the Relevant Period.

20. INVESTMENT IN SUBSIDIARIES

		At 31 March 2009
		HK$
Unlisted investments, at cost		3,715,130
Less: impairment loss		–
		3,715,130
Amount due from a subsidiary	*Note*	7,640,100
		11,355,230

Note: The amount due from a subsidiary is unsecured, interest free and has no fixed repayment term. The carrying amount of the amount due approximates its fair value.

Particulars of subsidiary are as follows:

Name of company	Place of incorporation and operation	Class of shares held	Registered/ issue capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
PT. Tomico Resources	Indonesia	Ordinary	US$500,000	95	–	Investment holding company
PT. Kapitalindo Management	Indonesia	Ordinary	IDR300,000,000	–	95	Mining exploration

Gold Track acquired 95% of equity interest in PT. Tomico Resources ("PT. Tomico") for an aggregate of US$475,000 on 10 September 2008.

PT. Tomico control PT. Kapitalindo Management ("PT. Kapitalindo") through the share pledge arrangement instead of the purchase of shares of PT. Kapitalindo. The current Indonesian shareholders of PT. Kapitalindo have entered into a loan agreement with P.T. Tomico or Gold Track. As a security of such loan, the shareholders has pledged all their shares of PT. Kapitalindo to PT. Tomico. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. As the shares are pledged to PT. Tomico under the loan agreement, PT. Tomico will have an equitable or beneficial interest in the shares of the PT. Kapitalindo. As a result, PT. Tomico is indirectly held 100% interest in PT. Kapitalindo.

PT. Tomico has the power to govern the financial and operating policies of PT. Kapitalindo so as to obtain benefits from its activities through the share pledge arrangement. PT. Kapitalindo is the subsidiary of PT. Tomico even though it does not own more than half of the voting power of PT. Kapitalindo.

The amount due is unsecured, interest free and has no fixed repayment term. The directors of Gold Track consider that the carrying amounts of amount due at 31 March 2009 approximate their fair value.

21. LOANS RECEIVABLE

	At 31 March 2009
	HK$
Loans receivable	779,069

The current Indonesian shareholders of PT. Kapitalindo have entered into a loan agreement (under which US$100,000 will be borrowed by such Indonesian shareholders) with PT. Tomico. The repayment period of the loan will be 10 years from the date of the loan agreement, or the term of the exploitation licence owned by PT. Kapitalindo. However, Sun International Group Limited and its subsidiaries have the ultimate right to demand early full repayment of the entire loan. Unless written consent is given by Gold Track or PT. Tomico, no prepayment of any part of the loan initiated by the Indonesian shareholders will be permitted. The loan will bear an interest rate of 5% per annum. The purpose of the loan is to provide funding for the Indonesian shareholders to commence mining operations of PT. Kapitalindo. In return, the Indonesian shareholders will provide a security for such loan, by pledging all the shares in PT. Kapitalindo to the PT. Tomico.

As a security of such loan, the Indonesian shareholders pledge all their shares of PT. Kapitalindo to PT. Tomico by way of executing a share charge. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. As the shares of PT. Kapitalindo are pledged to PT. Tomico under the share charge, PT. Tomico will have an equitable or beneficial interest in the shares of the PT. Kapitalindo.

22. OTHER RECEIVABLES

	At 31 March 2009
	HK$
Deposits paid	67,100
Prepayment	20,463
Loan interest receivable	19,477
	107,040

The directors of Gold Track consider that the carrying amounts of Gold Track Group's other receivables at 31 March 2009 approximate to their fair values.

23. BANK BALANCES AND CASH

	At 31 March 2009
	HK$
Bank balances and cash	3,471,983

Gold Track Group's bank balances and cash denominated in United States dollars and Indonesian Rupiah.

24. ACCRUALS

	At 31 March 2009
	HK$
Accruals	22,193

The directors of Gold Track consider that the carrying amounts of Gold Track Group's accruals at 31 March 2009 approximate to their fair values.

25. CONVERTIBLE LOANS

Gold Track had entered into a loan agreement and supplement agreement with Galileo Capital Group (BVI) Limited pursuant to which Galileo Capital Group (BVI) Limited agreed to lend a loan of US$1,000,000 to Gold Track at 1 September 2008 and 5 September 2008 respectively.

The amount due was carried interest at 10% per annum. Under the loan agreement, the loan will be repaid in full in one lump sum on the date falling 12 months after the date on which the loan is advanced by the lender to Gold Track or the lender is entitled to capitalize the loan and interests accrued thereon into not less than 51% share capital of Gold Track as enlarged by the allotment and issue of additional shares to the lender within 12 months after the date on which the loan is advanced by the lender to Gold Track.

The convertible loans contain two components, liability and equity elements. The equity element is presented in equity heading "convertible loans equity reserve". The effective interest rate of the liability component is 10% per annum.

The movement of the liability component of the convertible loans for the period is set out below:

	At 31 March 2009
	HK$
Proceeds from convertible loans	7,800,000
Equity component	(709,091)
Liability component on initial recognition	7,090,909
Accrued interest expenses	416,712
Liability component at 31 March 2009	7,507,621

26. AMOUNT DUE TO A RELATED PARTY

The amount is unsecured, interest free and has no fixed repayment terms. The directors of Gold Track consider that the carrying amount of amount due to a related party approximates to its fair value.

27. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured, interest free and has no fixed repayment terms. The directors of Gold Track consider that the carrying amount of amount due to a related company approximates to its fair value.

28. SHARE CAPITAL

	At 31 March 2009
	HK$
Authorised	
50,000 ordinary shares of US$1 each	390,000
Issued and fully paid	
10,000 ordinary shares of US$1 each	78,000

Gold Track was incorporated on 16 May 2008 with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. On 22 May 2008, 10,000 ordinary shares were issued to subscriber at par value to provide working capital. There was no movement of share capital after 22 May 2008. The exchange rate is US$1 equal to HK$7.80.

29. MATERIAL RELATED PARTY TRANSACTIONS

Gold Track Group had not entered into any transaction with related parties.

Compensation by key management personnel of Gold Track Group represented the director's remuneration as disclosed in Note 14 to the Financial Information.

30. OPERATING LEASE

At the balance sheet date, Gold Track Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	At 31 March 2009
	HK$
Within one year	147,785
In the second to fifth years inclusion	89,696
	237,481

31. CONTINGENT LIABILITIES

Gold Track Group did not have any significant contingent liabilities at 31 March 2009.

32. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 31 March 2009.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Gold Track Group in respect of any period subsequent to 31 March 2009. No dividend has been declared, made or paid by Gold Track Group in respect of any period subsequent to 31 March 2009.

34. ULTIMATE HOLDING COMPANY

The directors consider Gold Track Group's ultimate holding company to be Gold Track Holdings Inc., which is incorporated in British Virgin Islands and has not produced financial statements available for public use.

Yours faithfully,
Andes Glacier & Co,
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

For the period commenced from 16 May 2008 (date of incorporation) to 31 March 2009

Financial and business performance

As Gold Track Group has not commenced business, no turnover has been recorded during the review period. Gold Track is an investment holding company having 95% equity interests in PT. Tomico, which in turn have 100% indirect and beneficial interested in PT. Kapitalindo by share pledge arrangement.

During the period ended 31 March 2009, Gold Track Group recorded a total turnover of nil. The loss after income tax was approximately HK$616,117 mainly attributed from the finance cost of Gold Track Group for the period.

Liquidity and financial resources

As at 31 March 2009, Gold Track Group had net current liabilities of approximately HK$11,680,567. In addition, as at 31 March 2009, the current ratio of Gold Track was approximately 30.6%. The gearing ratio (defined as total liabilities over the total assets) of Gold Track as at 31 March 2009 was approximately 102%.

Charge of assets

Gold Track Group did not have any pledged assets as at 31 March 2009.

Capital structure

As at 31 March 2009, the issued share capital of Gold Track was HK$78,000, comprise of 10,000 issued and fully paid ordinary shares of US$1.00 each. Gold Track had entered into the Subscription Agreement and Supplement Agreement with Galileo Capital Group (BVI) Limited ("Galileo BVI"). Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track to Galileo BVI in consideration of Galileo BVI capitializing the loan of US$1,000,000 (and interests accrued thereon) due from the Gold Track to Galileo BVI.

Contingent liabilities

As at 31 March 2009, Gold Track had no contingent liabilities.

Employees and remuneration

The total remuneration for the period ended 31 March 2009 was about HK$116,949. The remuneration policy was basically performance-linked and subject to reviews by directors of Gold Track Group from time to time.

Exposure to foreign exchange

The revenue and cost of sales of the Gold Track Group was mainly denominated in Indonesian Rupiah and therefore the Gold Track Group was exposed to material foreign currency risk.

Future prospects

It should be mentioned that Gold Track's choice of developing mining business in Indonesia is the right move. The exceptionally rich mining resources in Indonesia and the government's policy of opening the market to external developers are all rare and favorable conditions. In addition, the natural occurrence state of such mine deposit further facilitates the mining conditions. All of them are the advantages in which the current development of Gold Track lies.

It has a favorable geographical condition where the beach, with a length of 38km (or even longer), in the area of Ende are almost covered with iron ore. The ore bed is directly exposed on the ground surface which allows an efficient and effective exploration work. Along the beach, there is a highway in the island which is assessable to the mining area. In addition, the island has an airport and a terminal with kiloton berths, which are approximately 3.0km and 3.5km away from the mining area respectively. The low transportation cost is definitely an advantage for the mining operation.

Ende County has a population of about 60,000, largely constituted by Indonesians. Catholicism or Christianity is the principal religion, while part of the population believes in Islamism and Buddhism. Number of aboriginals is quite limited but with an abundant labour force.

For the purpose of social development, the government of Indonesia has formulated a series of preferential policies for attracting foreign companies to exploit its resources of various kinds.

We may say that the same geological conditions will have the same result under the same environment. Therefore, this kind of iron ore will also exist in the nearby region or in farther seashore beach, which means the potential mineral resources here could be very abundant which may give a good prospect for the group profit.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Andes Glacier & Co, Certified Public Accountants, Hong Kong.

2. ACCOUNTANTS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS OF PT. TOMICO RESOURCES

Andes Glacier & Co
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行

Unit 1, 30th Floor
No.99 Hennessy Road
Wanchai
Hong Kong

22 June 2009

The Board of Directors
Sun International Group Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan

Dear Sirs,

We set out below our report on the financial information regarding PT. Tomico Resources ("PT. Tomico") for the period from 19 March 2008 (date of incorporation) to 31 March 2009 (the "Relevant Period"), including the balance sheet of PT. Tomico as at 31 March 2009, the income statement, the cash flow statement and the statement of changes in equity for the Relevant Period, and the notes thereto (the "Financial Information"), for inclusion in the circular of Sun International Group Limited (the "Company") dated 22 June 2009 (the "Circular") in connection with the proposed acquisition of the 54% issued share capital of Gold Track Mining and Resources Limited ("Gold Track"). Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo Capital Group (BVI) Limited ("Galileo BVI") in consideration of Galileo BVI capitalizing the loan of US$1,000,000(and interest accrued thereon) due from the Gold Track to Galileo BVI.

PT. Tomico was established in Indonesia on 19 March 2008 with limited liability. The registered office of PT. Tomico is situated at Menara Global Lt.12, Suite B&C, JI Jend. Gatot Subroto Kav.27, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan 12950. PT. Tomico is principally engaged in investment holding during the Relevant Period. Gold Track acquired 95% of equity interest in PT. Tomico on 10 September 2008. No statutory financial statements of PT. Tomico have been prepared since the date of incorporation. PT. Tomico adopts 31 March as its financial year end date and the first financial statements will be prepared for the period ended 31 March 2009.

BASIS OF PREPARATION

For the purpose of this report, the directors of PT. Tomico have prepared the financial statements of PT. Tomico for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared by the directors of PT. Tomico based on the financial statements for the Relevant Period, on the basis as set out in Note 4(a) below. The Financial Information has been prepared in accordance with HKFRSs which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of PT. Tomico are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. For the purpose of this report, we have audited the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and the true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of PT. Tomico, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of PT. Tomico as at 31 March 2009 and of the result and cash flow of PT. Tomico for the Relevant Period in accordance with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

INCOME STATEMENT

For the period from 19 March 2008 to 31 March 2009

	Notes	*HK$*
Turnover	*9*	–
Cost of sales		–
Gross profit		–
Other operating income	*10*	1,380,408
Administrative expenses		(730,704)
Finance costs		–
Profit before taxation	*11*	649,704
Income tax expense	*12*	–
Profit for the period		649,704

BALANCE SHEET

At 31 March 2009

	Notes	*HK$*
Non-current assets		
Property, plant and equipment	*15*	431,405
Property under development	*16*	4,188,253
Investment in a subsidiary	*17*	3,251,165
Loans receivable	*18*	779,069
		8,649,892
Current assets		
Other receivables	*19*	107,040
Bank balances and cash	*20*	3,135,692
		3,242,732
Current liabilities		
Accruals	*21*	22,193
Amount due to an immediate holding company	*22*	7,630,984
Amount due to a related company	*23*	107,403
Amount due to a director	*24*	338,350
		8,098,930
Net current liabilities		(4,856,198)
Net assets		3,793,694
Capital and reserves		
Share capital	*25*	3,910,663
Reserves		(116,969)
Total equity		3,793,694

STATEMENT OF CHANGES IN EQUITY

For the period from 19 March 2008 to 31 March 2009

	Share capital *HK$*	Reserves *HK$*	Total *HK$*
At 19 March 2008 (date of incorporation)	3,910,663	–	3,910,663
Profit for the period	–	649,704	649,704
Exchange reserve	–	(766,673)	(766,673)
At 31 March 2009	3,910,663	(116,969)	3,793,694

CASH FLOW STATEMENT

For the period from 19 March 2008 to 31 March 2009

	HK$
Operating activities	
Profit before taxation	649,704
Adjustment for:	
Depreciation	35,809
Bank interest income	(1,189)
Loan interest income	(19,539)
Operating profit before movements in working capital	664,785
Increase in other receivables	(107,040)
Increase in amount due from a subsidiary	(2,994,875)
Increase in accruals	22,193
Increase in amount due to an immediate holding company	7,630,984
Increase in amount due to a related company	107,403
Increase in amount due to a director	338,350
Cash generated from operating activities	5,661,800
Bank interest income	1,189
Loan interest income	19,539
Net cash generated from operating activities	5,682,528
Investing activities	
Acquisition of a subsidiary	(256,290)
Purchase of property, plant and equipment	(467,214)
Construction expenditures on property under development	(4,188,253)
Amounts advanced to related parties	(779,069)
Net cash used in investing activities	(5,690,826)
Financing activities	
Proceeds from issue of shares	3,910,663
Net cash generated from financing activities	3,910,663
Net increase in cash and cash equivalents	3,902,365
Cash and cash equivalents at the beginning of the period	–
Effect of foreign exchange rates changes	(766,673)
Cash and cash equivalents at the end of the period	3,135,692
Analysis of the balance of cash and cash equivalents	
Bank balances and cash	3,135,692

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

PT. Tomico was established in Indonesia with limited liability. The address of the registered office of PT. Tomico is situated at Menara Global Lt.12, Suite B&C, JI. Jend. Gatot Subroto Kav.27, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan 12950.

PT. Tomico is principally engaged in investment holding during the Relevant Period and the principal activities of its subsidiary are set out in note 17.

The functional currency of PT. Tomico is Indonesian Rupiah. The Financial Information is presented in Hong Kong Dollars which is the same as the presentation currency of its parent company.

2. STATEMENT OF COMPLIANCE

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

PT. Tomico has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The directors of PT. Tomico anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of PT. Tomico.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in Subsidiary, Joint Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statement[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedge of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The Financial Information is prepared under the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 7.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the respective property, plant and equipment.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives at the rates as follows:

Furniture and fixture	20%
Computer	30%
Motor vehicle	20%
Machinery and equipment	20%
Leasehold improvement	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Costs incurred in maintaining property, plant and equipment in their normal working conditions are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to PT. Tomico.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(c) Property under development

Property under development represents a building under construction, which is stated at cost less impairment losses, and is not depreciated. Cost comprises the direct cost of construction. Property under development is reclassified to the appropriate category of property, plant and equipment when substantially completed and ready for its intended use.

(d) Subsidiaries

A subsidiary is a company in which PT. Tomico directly or indirectly controls more than half of the voting power, or controls the composition of the board of directors.

Investment in a subsidiary is carried in the balance sheet of PT. Tomico at cost less any provision for diminution in value which is other than temporary as determined by the directors for each subsidiary individually. Any such provisions are recognised as expenses in the income statement.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when PT. Tomico becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

PT. Tomico's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loans receivable, amount due from a subsidiary, other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by PT. Tomico are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of PT. Tomico after deducting all of its liabilities. The financial liabilities of PT. Tomico are mainly other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including accruals, amount due to an immediate holding company, amount due to a related company and amount due to a director are measured at amortised cost, using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

Equity instruments issued by PT. Tomico are recorded at the proceeds received, net of direct issue cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and PT. Tomico has transferred substantially all the risks and rewards of ownership and control of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from PT. Tomico's balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

(f) Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, PT. Tomico reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(g) Cash and cash equivalents

Cash and cash equivalents are short-term, high liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. PT. Tomico's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items that charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(i) Turnover

Turnover represents dividend income received and receivable.

(j) Revenue recognition

Dividend income is recognized when the shareholders' right to receive payment has been established.

(k) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of PT. Tomico are measured using the currency of the primary economic environment in which PT. Tomico operates ("the functional currency").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(l) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

PT. Tomico does not have any assets under finance leases.

(m) Provision

Provisions are recognised when PT. Tomico has a present obligation as a result of a past event, and it is probable that PT. Tomico will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(n) Contingent liabilities

A contingent liability is possible obligation that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of PT. Tomico. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow becomes probable, it will then be recognised as a provision.

(o) Related parties

For the purposes of these financial statements, parties are considered to be related to PT. Tomico if PT. Tomico has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where PT. Tomico and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of PT. Tomico where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of PT. Tomico or of any entity that is a related party of PT. Tomico.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

PT. Tomico's activities expose it to a variety of financial risks: foreign currency risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. PT. Tomico's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on PT. Tomico's financial performance.

(a) Market risk

Market risk comprises three type of risk: foreign exchange risk, cash flow and fair value interest rate risk and other price risk. Based on the evaluation of PT. Tomico's operations, the directors of PT. Tomico consider that PT. Tomico's operation are mainly subject to foreign exchange risk and cash flow and fair value interest rate risk.

(i) Foreign exchange risk

PT. Tomico's operates in Indonesia and is exposed to foreign risk arising from various currency exposures, primarily with respect to United States Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

PT. Tomico closely and continuously monitors the exposure on currency risk. The historical exchange rate fluctuation between Indonesian Rupiah and United States Dollars is significant. Thus, there is significant exposure expected on United States Dollars transactions and balances. To manage the foreign exchange risk, the management will enter transactions using United States Dollars instead of Indonesian Rupiah.

At 31 March 2009, if United States Dollars had weakened/strengthened by 10% against the Indonesian Rupiah with all other variables held constant, profit for the period would have been HK$90,573 lower/higher. The equity would have been HK$90,573 lower/higher.

(ii) Interest rate risk

PT. Tomico has no significant interest-bearing assets and liabilities except for loans receivable, and cash and cash equivalents. Loans receivable are interest-bearing at fixed rate of 5% per annum. The income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

At 31 March 2009, PT. Tomico has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of the financial assets, including other receivables, bank balances and cash.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. PT. Tomico maintains flexibility in funding by maintaining availability under common credit lines.

The following tables detail PT. Tomico's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which PT. Tomico can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 year	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 31 March 2009						
Accruals	–	22,193	–	–	22,193	22,193
Amount due to an immediate holding company	–	7,630,984	–	–	7,630,984	7,630,984
Amount due to a related company	–	107,403	–	–	107,403	107,403
Amount due to a director	–	338,350	–	–	338,350	338,350
		8,098,930	–	–	8,098,930	8,098,930

6. CAPITAL RISK MANAGEMENT

PT. Tomico's objectives of managing capital are to safeguard PT. Tomico's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; to maintain an optimal capital structure to reduce the cost of capital; to provide capital for the purpose of strengthening PT. Tomico's risk management capability.

In order to maintain or adjust the capital structure, PT. Tomico's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

PT. Tomico monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. PT. Tomico aims to maintain the gearing ratio at reasonable level. The gearing ratios at 31 March 2009 are as follows.

	At 31 March 2009
	HK$
Total liabilities	8,098,930
Total assets	11,892,624
Gearing ratio	68%

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and base on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PT. Tomico makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

PT. Tomico has to exercise judgment in determining whether an asset is impaired or the event previously causing the asset's impairment no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event previously affecting the asset's value is no longer in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or its disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

8. FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of PT. Tomico consider that the carrying amounts of financial assets and liabilities in the financial statements approximate to their fair value.

9. TURNOVER

No turnover was generated by PT. Tomico during the Relevant Period.

10. OTHER OPERATING INCOME

Other operating income included the followings:

	From 19 March 2008 to 31 March 2009 *HK$*
Bank interest income	1,189
Loan interest income	19,539
Exchange gain	1,359,680
	1,380,408

11. PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging/(crediting) the following items:

	From 19 March 2008 to 31 March 2009 *HK$*
Staff costs including directors' remuneration:	
Directors' remuneration	–
Salaries, commission and allowances	116,949
Contribution to retirement benefits schemes	–
	116,949
Depreciation for property, plant and equipment – owned assets	35,809
Minimum lease payments under operating leases in respect of land and buildings	59,804

12. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as PT. Tomico did not generate any assessable profits during the Relevant Period.

There are no material unprovided deferred tax assets and liabilities at the balance sheet date.

13. DIRECTORS' REMUNERATION

During the Relevant Period, no emoluments was paid or payable by PT. Tomico to its directors for services rendered or as an inducement to joint or upon joining or as compensation for loss of office. The directors of PT. Tomico have not waived any emoluments during the Relevant Period.

	For the period from 19 March 2008 to 31 March 2009				
Name of director	**Fee** *HK$*	**Salaries, allowance and bonus** *HK$*	**Retirement scheme** *HK$*	**Other fringe benefits** *HK$*	**Total** *HK$*
Yeo Eng Chuat *(Note 1)*	–	–	–	–	–
Santoso Mangunkario *(Note 2)*	–	–	–	–	–
Chow Chung Tao *(Note 3)*					
Multi Mustianto	–	–	–	–	–
	–	–	–	–	–

Note 1: Yeo Eng Chuat is resigned on 21 January 2009.

Note 2: Santoso Mangunkario is resigned on 26 March 2008.

Note 3: Chow Chung Tao is appointed on 21 January 2009.

14. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture	Computer	Motor vehicle	Machine and equipment	Leasehold improvement	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 19 March 2008	–	–	–	–	–	–
Additions	115,675	6,998	200,330	48,595	95,616	467,214
At 31 March 2009	115,675	6,998	200,330	48,595	95,616	467,214
Accumulated depreciation						
At 19 March 2008	–	–	–	–	–	–
Charge for the year	9,411	875	13,355	4,200	7,968	35,809
At 31 March 2009	9,411	875	13,355	4,200	7,968	35,809
Net book value						
At 31 March 2009	106,264	6,123	186,975	44,395	87,648	431,405

16. PROPERTY UNDER DEVELOPMENT

	At 31 March 2009
	HK$
Property under development	
– Construction cost	4,188,253

PT. Tomico's property under development is situated on a piece of leasehold land in Indonesia. During the period ended 31 March 2009, no completed property has been transferred to property, plant and equipment.

As at the balance sheet date, the directors of PT. Tomico reviewed the carrying value of the property under development with reference to current market condition and no impairment loss was recognised during the Relevant Period.

17. INVESTMENT IN A SUBSIDIARY

		At 31 March 2009
		HK$
Unlisted investments, at cost		256,290
Less: impairment loss		–
		256,290
Amount due from a subsidiary	*Note*	2,994,875
		3,251,165

Note: The amount due from a subsidiary is unsecured, interest free and has no fixed repayment term. The carrying amount of the amount due approximates its fair value.

PT. Tomico control PT. Kapitalindo Management ("PT. Kapitalindo") through the share pledge arrangement instead of the purchase of shares of PT. Kapitalindo. The current Indonesian shareholders of PT. Kapitalindo have entered into a loan agreement with PT. Tomico or Gold Track. As a security of such loan, the shareholders has pledged all their shares of PT. Kapitalindo to PT. Tomico. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. As the shares are pledged to PT. Tomico under the loan agreement, PT. Tomico will have an equitable or beneficial interest in the shares of the PT. Kapitalindo. As a result, PT. Tomico is indirectly held 100% interest in PT. Kapitalindo.

PT. Tomico has the power to govern the financial and operating policies of PT. Kapitalindo so as to obtain benefits from its activities through the share pledge arrangement. PT. Kapitalindo is the subsidiary of PT. Tomico even though it does not own more than half of the voting power of PT. Kapitalindo.

Particulars of subsidiary is as follows:

Name of company	Place of incorporation and operation	Class of shares held	Registered/ issue capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
PT. Kapitalindo Management	Indonesia	Ordinary	IDR300,000,000	–	100	Mining exploration

18. LOANS RECEIVABLE

	At 31 March 2009
	HK$
Loans receivable	779,069

The current Indonesian shareholders of PT. Kapitalindo have entered into a loan agreement (under which US$100,000 will be borrowed by such Indonesian shareholders) with PT. Tomico. The repayment period of the loan will be 10 years from the date of the loan agreement, or the term of the exploitation licence owned by PT. Kapitalindo. However, Sun International Group Limited and its subsidiaries have the ultimate right to demand early full repayment of the entire loan. Unless written consent is given by Gold Track or PT. Tomico, no prepayment of any part of the loan initiated by the Indonesian shareholders will be permitted. The loan will bear an interest rate of 5% per annum. The purpose of the loan is to provide funding for the Indonesian shareholders to commence mining operations of PT. Kapitalindo. In return, the Indonesian shareholders will provide a security for such loan, by pledging all the shares in PT. Kapitalindo to the PT. Tomico.

As a security of such loan, the Indonesian shareholders pledge all their shares of PT. Kapitalindo to PT. Tomico by way of executing a share charge. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. As the shares of PT. Kapitalindo are pledged to PT. Tomico under the share charge, PT. Tomico will have an equitable or beneficial interest in the shares of the PT. Kapitalindo.

19. OTHER RECEIVABLES

	At 31 March 2009
	HK$
Deposits paid	67,100
Prepayment	20,463
Loan interest receivable	19,477
	107,040

The directors of PT. Tomico consider that the carrying amounts of PT. Tomico's other receivables at 31 March 2009 approximate to their fair values.

20. BANK BALANCES AND CASH

	At 31 March 2009
	HK$
Bank balances and cash	3,135,692

All cash and bank balances were denominated in Indonesian Rupiah and United States dollars.

21. ACCRUALS

	At 31 March 2009
	HK$
Accruals	22,193

The directors of PT. Tomico consider that the carrying amounts of PT. Tomico's accruals at 31 March 2009 approximate to their fair values.

22. AMOUNT DUE TO AN IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest free and has no fixed repayment terms. The directors of PT. Tomico consider that the carrying amount of amount due to an immediate holding company approximates to its fair value.

23. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured, interest free and has no fixed repayment terms. The directors of PT. Tomico consider that the carrying amount of amount due to a related company approximates to its fair value.

24. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest free and has no fixed repayment terms. The directors of PT. Tomico consider that the carrying amount of amount due to a director approximates to its fair value.

25. SHARE CAPITAL

	At 31 March 2009
	HK$
Authorised	
2,000,000 ordinary shares of US$1 each	15,642,652
Issued and fully paid	
500,000 ordinary shares of US$1 each	3,910,663

PT. Tomico was incorporated on 19 March, 2008 with an authorized share capital of US$2,000,000 divided into 2,000,000 ordinary shares of US$1 each. On 19 March 2008, 500,000 ordinary shares were issued to subscriber at par value to provide working capital. There was no movement of share capital after 19 March 2008. The exchange rate is US$1 equal to HK$7.8213.

26. MATERIAL RELATED PARTY TRANSACTIONS

PT. Tomico had not entered into any transaction with related parties.

Compensation by key management personnel of PT. Tomico represented the directors' remuneration as disclosed in Note 13 to the Financial Information.

27. OPERATING LEASE

At the balance sheet date, PT. Tomico had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	At 31 March 2009
	HK$
Within one year	147,785
In the second to fifth years inclusion	89,696
	237,481

28. CONTINGENT LIABILITIES

PT. Tomico did not have any significant contingent liabilities at 31 March 2009.

29. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 31 March 2009.

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for PT. Tomico in respect of any period subsequent to 31 March 2009. No dividend has been declared, made or paid by PT. Tomico in respect of any period subsequent to 31 March 2009.

31. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors consider PT. Tomico's immediate parent and ultimate holding company to be Gold Track Mining and Resources Limited and Gold Track Holdings Inc. respectively, both of which are in British Virgin Islands and has not produced financial statements available for public use.

Yours faithfully,
Andes Glacier & Co,
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

For the period commenced from 19 March 2008 (date of incorporation) to 31 March 2009

Financial and business performance

As PT. Tomico has not commenced business, no turnover has been recorded during the review period. PT. Tomico is an investment holding company having 100% indirect and beneficial interested in PT. Kapitalindo by share pledge arrangement.

During the period ended 31 March 2009, PT. Tomico recorded a total turnover of nil. The profit after income tax was approximately HK$649,704. The major expense of PT. Tomico was mainly attributed from the administrative expenses for the period.

Liquidity and financial resources

As at 31 March 2009, PT. Tomico had net current liabilities of approximately HK$4,856,198. In addition, as at 31 March 2009, the current ratio of PT. Tomico was approximately 40%. The gearing ratio (defined as total liabilities over the total assets) of PT. Tomico as at 31 March 2009 was approximately 68%. PT. Tomico generally finances its business by its shareholders.

Charge of assets

PT. Tomico did not have any pledged assets as at 31 March 2009.

Capital structure

The issued share capital of PT. Tomico was HK$3,910,663 as at 31 March 2009, comprise of 500,000 issued and fully paid ordinary shares of US$1.00 each. There were no other loan stocks, preference shares or convertibles issued and outstanding.

Contingent liabilities

As at 31 March 2009, PT. Tomico had no contingent liabilities.

Employees and remuneration

The total remuneration for the period ended 31 March 2009 was about HK$116,949. The remuneration policy was basically performance-linked and subject to reviews by directors of PT. Tomico from time to time.

Exposure to foreign exchange

The revenue and cost of sales of the PT. Tomico was mainly denominated in Indonesian Rupiah and therefore the PT. Tomico was exposed to material foreign currency risk.

Future prospects

It should be mentioned that PT. Tomico's choice of developing mining business in Indonesia is the right move. The exceptionally rich mining resources in Indonesia and the government's policy of opening the market to external developers are all rare and favorable conditions. In addition, the natural occurrence state of such mine deposit further facilitates the mining conditions. All of them are the advantages in which the current development of PT. Tomico lies.

It has a favorable geographical condition where the beach, with a length of 38km (or even longer), in the area of Ende are almost covered with iron ore. The ore bed is directly exposed on the ground surface which allows an efficient and effective exploration work. Along the beach, there is a highway in the island which is assessable to the mining area. In addition, the island has an airport and a terminal with kiloton berths, which are approximately 3.0km and 3.5km away from the mining area respectively. The low transportation cost is definitely an advantage for the mining operation.

Ende County has a population of about 60,000, largely constituted by Indonesians. Catholicism or Christianity is the principal religion, while part of the population believes in Islamism and Buddhism. Number of aboriginals is quite limited but with an abundant labour force.

For the purpose of social development, the government of Indonesia has formulated a series of preferential policies for attracting foreign companies to exploit its resources of various kinds.

We may say that the same geological conditions will have the same result under the same environment. Therefore, this kind of iron ore will also exist in the nearby region or in farther seashore beach, which means the potential mineral resources here could be very abundant which may give a good prospect for the group profit.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Andes Glacier & Co, Certified Public Accountants, Hong Kong.

3. ACCOUNTANTS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS OF PT. KAPITALINDO MANAGEMENT

Andes Glacier & Co
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行

Unit 1, 30th Floor
No.99 Hennessy Road
Wanchai
Hong Kong

22 June 2009

The Board of Directors
Sun International Group Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan

Dear Sirs,

We set out below our report on the financial information regarding PT. Kapitalindo Management ("PT. Kapitalindo"), including the balance sheet of PT. Kapitalindo as at 31 March 2007, 2008 and 2009, the income statements, the cash flow statements and the statements of changes in equity for the five months ended 31 March 2007 and the years ended 31 March 2008 and 2009 (the "Relevant Periods"), and the notes thereto (the "Financial Information"), for inclusion in the circular of Sun International Group Limited (the "Company") dated 22 June 2009 (the "Circular") in connection with the proposed acquisition of the 54% issued share capital of Gold Track Mining and Resources Limited ("Gold Track"). Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track (representing approximately 54% of the enlarged share capital of Gold Track) to Galileo Capital Group (BVI) Limited ("Galileo BVI") in consideration of Galileo BVI capitalizing the loan of US$1,000,000(and interest accrued thereon) due from the Gold Track to Galileo BVI.

PT. Kapitalindo was established in Indonesia on 7 November 2006 with limited liability. The registered office of PT. Kapitalindo is situated at Menara Global Lt.12, Suite B&C, JI Jend. Gatot Subroto Kav.27, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan 12950. PT. Kapitalindo is principally engaged in mining exploration during the Relevant Period. PT. Kapitalindo becomes the subsidiary of PT. Tomico Resources on 22 May 2008 through the share pledge arrangement. PT. Kapitalindo adopts 31 March as its financial year end date and the first financial statement has been prepared for the period ended 31 March 2007.

BASIS OF PREPARATION

For the purpose of this report, the sole director of PT. Kapitalindo has prepared the financial statements of PT. Kapitalindo for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared by the sole director of PT. Kapitalindo based on the financial statements for the Relevant Periods, on the basis as set out in Note 4(a) below. The Financial Information has been prepared in accordance with HKFRSs which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The sole director of PT. Kapitalindo is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. For the purpose of this report, we have audited the Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and the true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of PT. Kapitalindo, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of PT. Kapitalindo as at 31 March 2007, 2008 and 2009 and of the result and cash flow of PT. Kapitalindo for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

SIGNIFICANT UNCERTAINTY RELATING TO GOING CONCERN BASIS OF PT. KAPITALINDO

Without qualifying our opinion, we draw attention to Note 4(a) of Section II of the Financial Information which indicates that PT. Kapitalindo incurred net loss of HK$746,500 for the year ended 31 March 2009 and PT. Kapitalindo's total liabilities exceeded its total assets by HK$545,500 as at 31 March 2009. These conditions, along with other matters as set forth in Note 4(a), indicate the existence of a material uncertainty which may cast significant doubt about PT. Kapitalindo's ability to continue as a going concern.

I. FINANCIAL INFORMATION

INCOME STATEMENT

	Notes	From 1 April 2008 to 31 March 2009 HK$	From 1 April 2007 to 31 March 2008 HK$	From 7 November 2006 to 31 March 2007 HK$
Turnover	9	–	–	–
Cost of sales		–	–	–
Gross profit		–	–	–
Administrative expenses		(746,500)	–	–
Finance costs		–	–	–
(Loss) before taxation	10	(746,500)	–	–
Income tax expense	11	–	–	–
(Loss) for the period		(746,500)	–	–

BALANCE SHEET

	Notes	At 31 March 2009 HK$	At 31 March 2008 HK$	At 31 March 2007 HK$
Non-current assets				
Exploration and evaluation assets	14	2,248,375	–	–
Current assets				
Bank balances and cash	15	201,000	256,290	256,290
		201,000	256,290	256,290
Current liabilities				
Amount due to an immediate holding company	16	2,994,875	–	–
		2,994,875	–	–
Net current (liabilities)/assets		(2,793,875)	256,290	256,290
Net (liabilities)/assets		(545,500)	256,290	256,290
Capital and reserves				
Share capital	17	256,290	256,290	256,290
Reserves		(801,790)	–	–
Total equity		(545,500)	256,290	256,290

STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$*	Reserves *HK$*	Total *HK$*
At 7 November 2006 (date of incorporation)	256,290	–	256,290
Profit for the period	–	–	–
At 31 March and 1 April 2007	256,290	–	256,290
Profit for the year	–	–	–
At 31 March and 1 April 2008	256,290	–	256,290
(Loss) for the year	–	(746,500)	(746,500)
Exchange reserve	–	(55,290)	(55,290)
At 31 March 2009	256,290	(801,790)	(545,500)

CASH FLOW STATEMENT

	From 1 April 2008 to 31 March 2009 *HK$*	From 1 April 2007 to 31 March 2008 *HK$*	From 7 November 2006 to 31 March 2007 *HK$*
Operating activities			
(Loss) before taxation	(746,500)	–	–
Increase in amount due to an immediate holding company	2,994,875	–	–
Net cash generated from operating activities	2,248,375	–	–
Investing activities			
Purchases of exploration and evaluation assets	(2,248,375)	–	–
Net cash (used in) investing activities	(2,248,375)	–	–
Financing activities			
Proceeds from issue of shares	–	–	256,290
Net cash generated from financing activities	–	–	256,290
Net increase in cash and cash equivalents	–	–	256,290
Cash and cash equivalents at the beginning of the year/period	256,290	256,290	–
Effect of foreign exchange rates changes	(55,290)	–	–
Cash and cash equivalents at the end of the year/period	201,000	256,290	256,290
Analysis of the balance of cash and cash equivalents			
Bank balances and cash	201,000	256,290	256,290

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

PT. Kapitalindo was established in Indonesia with limited liability. The address of the registered office of PT. Kapitalindo is situated at Menara Global Lt.12, Suite B&C, JI. Jend. Gatot Subroto Kav.27, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan 12950.

PT. Kapitalindo is principally engaged in mining exploration during the Relevant Periods.

The functional currency of PT. Kapitalindo is Indonesian Rupiah. The Financial Information is presented in Hong Kong Dollars which is the same as the presentation currency of its parent company.

2. STATEMENT OF COMPLIANCE

The Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

PT. Kapitalindo has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The sole director of PT. Kapitalindo anticipates that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of PT. Kapitalindo.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in Subsidiary, Joint Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statement[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedge of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The Financial Information is prepared under the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 7.

The Financial Information has been prepared on a going concern basis because the shareholders has agreed to provide adequate funds to enable PT. Kapitalindo to meet in full its financial obligations as they fall due for the foreseeable future.

(b) Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include acquisition of rights to explore, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to evaluating commercial and technical feasibility studies of extracting a mineral resources. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised based on the accounting policy as stated in “Mining rights” below. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

(c) Mining rights

Mining rights, including exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the straight-line basis over their estimated useful lives. The useful lives of the mining rights are reviewed annually in accordance with the production plans of PT. Kapitalindo and the proven and probable reserves of the mines. Mining rights are written off to the income statement if the mining property is abandoned.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when PT. Kapitalindo becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

PT. Kapitalindo’s financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by PT. Kapitalindo are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of PT. Kapitalindo after deducting all of its liabilities. The financial liabilities of PT. Kapitalindo are mainly other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including amount due to an immediate holding company are measured at amortised cost, using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

Equity instruments issued by PT. Kapitalindo are recorded at the proceeds received, net of direct issue cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and PT. Kapitalindo has transferred substantially all the risks and rewards of ownership and control of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from PT. Kapitalindo's balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

(e) Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, PT. Kapitalindo reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(f) Cash and cash equivalents

Cash and cash equivalents are short-term, high liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. P.T. Kapitalindo's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items that charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(h) Turnover

Turnover represents income at invoiced value received and receivable after discount and return inwards.

(i) Revenue recognition

Sales is recognized when customer has accepted goods and the related risk and reward of ownership.

(j) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of PT. Kapitalindo are measured using the currency of the primary economic environment in which PT. Kapitalindo operates ("the functional currency").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(k) Provision

Provisions are recognised when PT. Kapitalindo has a present obligation as a result of a past event, and it is probable that PT. Kapitalindo will be required to settle that obligation. Provisions are measured at the sole director' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(l) Contingent liabilities

A contingent liability is possible obligation that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of PT. Kapitalindo. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow becomes probable, it will then be recognised as a provision.

(m) Related parties

For the purposes of these financial statements, parties are considered to be related to PT. Kapitalindo if PT. Kapitalindo has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where PT. Kapitalindo and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of PT. Kapitalindo where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of PT. Kapitalindo or of any entity that is a related party of PT. Kapitalindo.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

PT. Kapitalindo's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. PT. Kapitalindo's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on PT. Kapitalindo's financial performance.

(a) Market risk

Market risk comprises three type of risk: foreign exchange risk, cash flow and fair value interest rate risk and other price risk. Based on the evaluation of PT. Kapitalindo's operations, the director of PT. Kapitalindo consider that PT. Kapitalindo's operation are mainly subject to foreign exchange risk.

Foreign exchange risk

PT. Kapitalindo's operates in Indonesia and is exposed to foreign risk arising from various currency exposures, primarily with respect to United States Dollars. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

PT. Kapitalindo closely and continuously monitors the exposure on currency risk. The historical exchange rate fluctuation between Indonesian Rupiah and United States Dollars is significant. Thus, there is significant exposure expected on United States Dollars transactions and balances. To manage the foreign exchange risk, the management will enter transactions using United States Dollars instead of Indonesian Rupiah.

At 31 March 2009, if United States Dollars had weakened/strengthened by 10% against the Indonesian Rupiah with all other variables held constant, loss for the period would have been HK$273,196 lower/higher. The equity would have been HK$273,196 lower/higher.

(b) Credit risk

PT. Kapitalindo has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of the financial asset.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. PT. Kapitalindo maintains flexibility in funding by maintaining availability under common credit lines.

The following tables detail PT. Kapitalindo's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which PT. Kapitalindo can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 year *HK$*	Between 2 and 5 years *HK$*	Over 5 years *HK$*	Total contractual undiscounted cash flow *HK$*	Total carrying amount *HK$*
At 31 March 2009						
Amount due to an immediate holding company	–	2,994,875	–	–	2,994,875	2,994,875
		2,994,875	–	–	2,994,875	2,994,875

6. CAPITAL RISK MANAGEMENT

PT. Kapitalindo's objectives of managing capital are to safeguard PT. Kapitalindo's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; to maintain an optimal capital structure to reduce the cost of capital; to provide capital for the purpose of strengthening PT. Kapitalindo's risk management capability.

In order to maintain or adjust the capital structure, PT. Kapitalindo's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

PT. Kapitalindo monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. PT. Kapitalindo aims to maintain the gearing ratio at reasonable level. The gearing ratios at 31 March 2007, 2008 and 2009 are as follows:

	At 31 March 2009 *HK$*	**At 31 March 2008** *HK$*	**At 31 March 2007** *HK$*
Total liabilities	2,994,875	–	–
Total assets	2,449,375	256,290	256,290
Gearing ratio	122%	–	–

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and base on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PT. Kapitalindo makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

PT. Kapitalindo has to exercise judgment in determining whether an asset is impaired or the event previously causing the asset's impairment no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event previously affecting the asset's value is no longer in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or its disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Impairment of exploration and evaluation costs

The carrying value of exploration and evaluation costs is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of these assets, or, where appropriate, the cash generating unit to which they belong, is calculated as the higher of its fair value less costs to sell and value in use. Estimating the value in use requires PT. Kapitalindo to estimate the expected future cash flows from the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

8. FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The sole director of PT. Kapitalindo considers that the carrying amounts of financial assets and liabilities in the financial statements approximate to their fair value.

9. TURNOVER

No turnover was generated by PT. Kapitalindo during the Relevant Periods.

10. (LOSS) BEFORE TAXATION

(Loss) before taxation has been determined after charging the following items:

	From 1 April 2008 to 31 March 2009	**From 1 April 2007 to 31 March 2008**	**From 7 November 2006 to 31 March 2007**
	HK$	*HK$*	*HK$*
Exchange loss	497,113	–	–

11. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as PT. Kapitalindo did not generate any assessable profits during the Relevant Period.

There are no material unprovided deferred tax assets and liabilities at the balance sheet date.

12. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

During the Relevant Periods, no emoluments was paid or payable by PT. Kapitalindo to its directors or the five highest paid employees for services rendered or as an inducement to joint or upon joining or as compensation for loss of office. The directors of PT. Kapitalindo have not waived any emoluments during the Relevant Periods.

	For the year from 1 April 2008 to 31 March 2009				
	Fee	**Salaries, allowance and bonus**	**Retirement scheme**	**Other fringe benefits**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Silvia Widya Irwanti	–	–	–	–	–
	–	–	–	–	–

	For the year from 1 April 2007 to 31 March 2008				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Silvia Widya Irwanti	–	–	–	–	–
Jimmy Kurnuawan#	–	–	–	–	–
	–	–	–	–	–

	For the period from 7 November 2006 to 31 March 2007				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Silvia Widya Irwanti	–	–	–	–	–
Jimmy Kurnuawan#	–	–	–	–	–
	–	–	–	–	–

resigned on 3 December 2007

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

14. EXPLORATION AND EVALUATION ASSETS

	HK$
At 7 November 2006, 1 April 2007 and at 1 April 2008	–
Additions	2,248,375
At 31 March 2009	2,248,375

The carrying value of exploration and evaluation assets shown above represents the exploitation permit, which is granted by the Indonesian government for exploration of the mineral resources in Endes Flores, Nusa Tenggara Timur in Indonesia.

15. BANK BALANCES AND CASH

	At 31 March 2009	At 31 March 2008	At 31 March 2007
	HK$	*HK$*	*HK$*
Bank balances and cash	201,000	256,290	256,290

All cash and bank balances were denominated in Indonesian Rupiah.

16. AMOUNT DUE TO AN IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest free and has no fixed repayment terms. The sole director of PT. Kapitalindo considers that the carrying amount of amount due to an immediate holding company approximates to its fair value.

17. SHARE CAPITAL

	At 31 March 2009 *HK$*	At 31 March 2008 *HK$*	At 31 March 2007 *HK$*
Authorised			
500 ordinary shares of IDR1,000,000 each	427,150	427,150	427,150
Issued and fully paid			
300 ordinary shares of IDR1,000,000 each	256,290	256,290	256,290

PT. Kapitalindo was incorporated on 7 November 2006 with an authorized share capital of IDR5,000,000,000 divided into 500 ordinary shares of IDR1,000,000 each. On 7 November 2006, 300 ordinary shares were issued to subscriber at par value to provide working capital. There was no movement of share capital after 7 November 2006. The exchange rate is IDR$1 equal to HK$0.0008543.

18. MATERIAL RELATED PARTY TRANSACTIONS

PT. Kapitalindo had not entered into any transaction with related parties.

Compensation by key management personnel of PT. Kapitalindo represented the directors' remuneration as disclosed in Note 12 to the Financial Information.

19. CONTINGENT LIABILITIES

PT. Kapitalindo did not have any significant contingent liabilities at 31 March 2007, 2008 and 2009.

20. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 31 March 2009.

21. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for PT. Kapitalindo in respect of any period subsequent to 31 March 2009. No dividend has been declared, made or paid by PT. Kapitalindo in respect of any period subsequent to 31 March 2009.

22. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The sole director considers PT. Kapitalindo's immediate parent and ultimate holding company to be PT. Tomico Resources and Gold Track Holdings Inc respectively. PT. Tomico is incorporated in Indonesia and Gold Track Holdings Inc. is incorporated in British Virgin Islands and both has not produced financial statements available for public use.

Yours faithfully,
Andes Glacier & Co,
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

For the five months ended 31 March 2007

Financial and business performance

As PT. Kapitalindo has not commenced business, no turnover has been recorded during the review period. PT. Kapitalindo is principally engaged in mining exploration.

During the five months ended 31 March 2007, PT. Kapitalindo recorded a total turnover of nil. The loss after income tax was nil.

Charge of assets

PT. Kapitalindo did not have any pledged assets as at 31 March 2007.

Capital structure

As at 31 March 2007, the issued share capital of PT. Kapitalindo was HK$256,290, comprise of 300 issued and fully paid ordinary shares of IDR1,000,000 each.

Contingent liabilities

As at 31 March 2007, PT. Kapitalindo had no contingent liabilities.

Employees and remuneration

Given the PT. Kapitalindo has not commenced business during the review period, no employee was hired. No remuneration was recorded during the review period.

For the year ended 31 March 2008

Financial and business performance

As PT. Kapitalindo has not commenced business, no turnover has been recorded during the review period. PT. Kapitalindo is principally engaged in mining exploration.

During the year ended 31 March 2008, PT. Kapitalindo recorded a total turnover of nil. The loss after income tax was nil.

Charge of assets

PT. Kapitalindo did not have any pledged assets as at 31 March 2008.

Capital structure

As at 31 March 2008, the issued share capital of PT. Kapitalindo was HK$256,290, comprise of 300 issued and fully paid ordinary shares of IDR1,000,000 each.

Contingent liabilities

As at 31 March 2008, PT. Kapitalindo had no contingent liabilities.

Employees and remuneration

Given the PT. Kapitalindo has not commenced business during the review period, no employee was hired. No remuneration was recorded during the review period.

For the year ended 31 March 2009

Financial and business performance

As PT. Kapitalindo has not commenced business, no turnover has been recorded during the review period. PT. Kapitalindo is principally engaged in mining exploration.

During the year ended 31 March 2009, PT. Kapitalindo recorded a total turnover of nil. The loss after income tax was approximately HK$746,500 mainly attributed from the administrative expenses of PT. Kapitalindo for the period.

Liquidity and financial resources

As at 31 March 2009, PT. Kapitalindo had net current liabilities of approximately HK$2,793,875. In addition, as at 31 March 2009, the current ratio of PT. Kapitalindo was approximately 6.7%. The gearing ratio (defined as total liabilities over the total assets) of PT. Kapitalindo as at 31 March 2009 was approximately 122%. PT. Kapitalindo generally finances its business by its shareholders.

Charge of assets

PT. Kapitalindo did not have any pledged assets as at 31 March 2009.

Capital structure

As at 31 March 2009, the issued share capital of PT. Kapitalindo was HK$256,290, comprise of 300 issued and fully paid ordinary shares of IDR1,000,000 each. The current Indonesian shareholders of PT. Kapitalindo have entered into a loan agreement of US$100,000 with PT. Tomico. As a security of such loan, the Indonesia shareholders will pledge all their shares of PT. Kapitalindo to PT. Tomico. Such pledge of shares will be discharged upon full settlement of the loan due to the lender. PT. Tomico will have an equitable or beneficial interest in the shares of the PT. Kapitalindo.

Contingent liabilities

As at 31 March 2009, PT. Kapitalindo had no contingent liabilities.

Employees and remuneration

Given the PT. Kapitalindo has not commenced business during the review period, no employee was hired. No remuneration was recorded during the review period.

Exposure to foreign exchange

The revenue and cost of sales of the PT. Kapitalindo was mainly denominated in Indonesian Rupiah and therefore the PT. Kapitalindo was exposed to material foreign currency risk.

Future prospects

It should be mentioned that PT. Kapitalindo's choice of developing mining business in Indonesia is the right move. The exceptionally rich mining resources in Indonesia and the government's policy of opening the market to external developers are all rare and favorable conditions. In addition, the natural occurrence state of such mine deposit further facilitates the mining conditions. All of them are the advantages in which the current development of PT. Kapitalindo lies.

It has a favorable geographical condition where the beach, with a length of 38km (or even longer), in the area of Ende are almost covered with iron ore. The ore bed is directly exposed on the ground surface which allows an efficient and effective exploration work. Along the beach, there is a highway in the island which is assessable to the mining area. In addition, the island has an airport and a terminal with kiloton berths, which are approximately 3.0km and 3.5km away from the mining area respectively. The low transportation cost is definitely an advantage for the mining operation.

Ende County has a population of about 60,000, largely constituted by Indonesians. Catholicism or Christianity is the principal religion, while part of the population believes in Islamism and Buddhism. Number of aboriginals is quite limited but with an abundant labour force.

For the purpose of social development, the government of Indonesia has formulated a series of preferential policies for attracting foreign companies to exploit its resources of various kinds.

We may say that the same geological conditions will have the same result under the same environment. Therefore, this kind of iron ore will also exist in the nearby region or in farther seashore beach, which means the potential mineral resources here could be very abundant which may give a good prospect for the group profit.

ACQUISITIONS OF SUPERB KINGS LIMITED

Background

On 26 November 2007, Galileo Capital Group (BVI) Limited ("Galileo BVI"), a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Yeung Hak Kan for the acquisition of 100% equity interest in Superb Kings Limited (the "Superb Kings") at a total consideration of HK$205 million, of which (i) HK$115.5 million by procuring the Sun International Group Limited to allot and issue the consideration Shares credited as fully paid; and (ii) HK$89.5 million in cash. Superb Kings was incorporated in British Virgin Islands on 6 July 2007. The aforesaid acquisition was completed on 20 May 2008. There were no variation to the aggregate remuneration payable to and benefits in kind receivable by the directors of Superb Kings.

Financial information

Set out below are (i) audited financial information of Superb Kings for the period from 6 July 2007 (date of incorporation) to 31 December 2007 together with the relevant notes to the accounts and the management discussion and analysis of the Superb Kings as extracted from the accountants' report of the Superb Kings as set out in Appendix II to the Company's circular dated 10 April 2008; and (ii) the pro forma financial information of the Group as enlarged by the acquisitions of the interest in the Superb Kings as extracted from Appendix VI to the Company's circular dated 10 April 2008.

(i) Audited financial information of Superb Kings Limited for the period from 6 July 2007 (date of incorporation) to 31 December 2007 together with the relevant notes to the accounts and the management discussion and analysis of the Superb Kings Limited as extracted from the accountants' report of the Superb Kings Limited as set out in Appendix II to the Company's circular dated 10 April 2008.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

10 April 2008

The Board of Directors
Galileo Holdings Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Superb Kings Limited ("Superb Kings") for the period from 6 July 2007 (date of incorporation) to 31 December 2007 (the "Relevant Period"), including the balance sheet of Superb Kings as at 31 December 2007, the income statement, the cash flow statement and the statement of changes in equity for the Relevant Period, and the notes thereto (the "Financial Information"), for inclusion in the circular of Galileo Holdings Limited (the "Company") dated 10 April 2008 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Superb Kings and the Sale Loan at a total consideration of HK$205,000,000. The consideration in the amount of HK$205,000,000 would be satisfied (i) as to HK$115,500,000 by procuring the Company to allot and issue the Consideration Shares on Completion; (ii) as to HK$44,750,000 in cash as deposit upon signing of the Formal Acquisition Agreement; and (iii) as to HK$44,750,000 in cash on Completion.

Superb Kings was established in the British Virgin Islands on 6 July 2007 with limited liability. The registered office of Superb Kings is situated at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. Superb Kings is principally engaged in investment holding during the Relevant Period. No statutory financial statements of Superb Kings have been prepared since the date of incorporation. Superb Kings adopts 31 December as its financial year end date and the first financial statements will be prepared for the period ended 31 December 2007.

BASIS OF PREPARATION

For the purpose of this report, the sole director of Superb Kings has prepared the financial statements of Superb Kings for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared by the sole director of Superb Kings based on the financial statements for the Relevant Period, on the basis as set out in Note 2 below. The Financial Information has been prepared in accordance with HKFRSs which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The sole director of Superb Kings is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. For the purpose of this report, we have audited the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and the true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Superb Kings, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of Superb Kings as at 31 December 2007 and of the result and cash flow of Superb Kings for the Relevant Period in accordance with Hong Kong Financial Reporting Standards.

SIGNIFICANT UNCERTAINTY RELATING TO GOING CONCERN BASIS OF SUPERB KINGS

Without qualifying our opinion, we draw attention to Note 2 of Section II of the Financial Information which indicates that Superb Kings incurred net loss of HK$475,237 for the period ended 31 December 2007 and Superb Kings's total liabilities exceeded its total assets by HK$85,237 as at 31 December 2007. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about Superb Kings's ability to continue as a going concern.

FINANCIAL INFORMATION

INCOME STATEMENT

For the period from 6 July 2007 (date of incorporation) to 31 December 2007

	Notes	*HK$*
Turnover	*6*	–
Administrative expenses		(475,237)
Loss before tax	*7*	(475,237)
Income tax expense	*9*	–
Loss for the period		(475,237)

BALANCE SHEET

At 31 December 2007

	Notes	*HK$*
Non-current asset		
Property under development	*11*	14,769,231
Current asset		
Prepayments and deposits	*12*	27,349,597
Current liability		
Amount due to a shareholder	*13*	(42,204,065)
Net current liabilities		(14,854,468)
Total assets and liabilities		(85,237)
Capital and reserves		
Share capital	*14*	390,000
Reserves		(475,237)
Total equity		(85,237)

STATEMENT OF CHANGES IN EQUITY

For the period from 6 July 2007 (date of incorporation) to 31 December 2007

	Share capital	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*
At 6 July 2007 (date of incorporation)	–	–	–
Issue of shares	390,000	–	390,000
Loss for the period	–	(475,237)	(475,237)
At 31 December 2007	390,000	(475,237)	(85,237)

CASH FLOW STATEMENT

For the period from 6 July 2007 (date of incorporation) to 31 December 2007

	HK$
Cash flows from operating activities	
Loss before tax	(475,237)
Increase in prepayments and deposits	(27,349,597)
Net cash used in operating activities	(27,824,834)
Cash flows from investing activity	
Increase in property under development	(14,769,231)
Net cash used in investing activity	(14,769,231)
Cash flows from financing activities	
Increase in amount due to a shareholder	42,204,065
Proceeds from issue of shares	390,000
Net cash generated from financing activities	42,594,065
Net increase in cash and cash equivalents	–
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	–
Analysis of balance of cash and cash equivalents	
Cash and bank balance	–

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Superb Kings was established in the British Virgin Islands with limited liability. The address of the registered office of Superb Kings is situated at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

Superb Kings is principally engaged in investment holding during the Relevant Period.

The Financial Information is presented in Hong Kong Dollars which is the functional currency of Superb Kings.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of this Financial Information are set out in Note 3 below. These policies have been consistently applied to the Relevant Period presented, unless otherwise stated.

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in the process of applying Superb Kings's accounting policies. The areas involved a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information were disclosed in Note 4.

For the period ended 31 December 2007, Superb Kings incurred net loss of HK$475,237 and Superb Kings's total liabilities exceeded its total assets by HK$85,237 as at 31 December 2007. The Financial Information has been prepared on a going concern basis because the shareholder has confirmed to provide continuing financial support to Superb Kings to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Superb Kings has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The sole director of Superb Kings anticipates that the application of these new standards or interpretations will have no material impact on the Financial Information of Superb Kings.

HKAS 1 (Revised)	Presentation of financial statement[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 12	Service concession arrangements[2]
HK(IFRIC) – INT 13	Customer loyalty programmes[3]
HK(IFRIC) – INT 14	The limit on a defined benefit asset, minimum funding requirements and their interaction[2]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 January 2008

3 Effective for annual periods beginning on or after 1 July 2008

A summary of significant accounting policies followed by Superb Kings in the preparation of the Financial Information is set out below.

(a) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

Financial assets

Superb Kings's major financial asset is prepayments and deposits which falls within the category of loans and receivables and the accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by Superb Kings are classified according to the substance of the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities including amount due to a shareholder are classified as other financial liabilities which are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of Superb Kings after deducting all of its liabilities. Equity instruments issued by Superb Kings are record at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Superb Kings has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from the balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

(b) Impairment losses

At each balance sheet date, Superb Kings reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

(c) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes income statement items that are never taxable and deductible. Superb Kings's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities of the financial information and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and the deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(d) Property under development

Property under development is stated at cost, less any impairment losses. Cost included construction cost, interest, finance charges and other direct cost attributable to the construction.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Provisions

Provisions are recognised when Superb Kings has a present obligation as a results of a past event, and it is probable that Superb Kings will be required to settle that obligations. Provisions are measured at the sole director' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(g) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying Superb Kings's accounting policies which are described in Note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

(a) Impairment of properties under development

Properties under development are included in the balance sheet with an aggregate carrying amount of HK$14,769,231. Management assessed the recoverability of these amounts based on an estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location, construction costs to be incurred values of the underlying properties are more or less than expected as a result of changes in market condition and/or significant variation in the budgeted development cost, material reversal of or provision for impairment losses may result.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management applies these policies continuously to manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5.1 Financial risk factors

Categories of financial instruments

	At 31 December 2007 *HK$*
Financial assets	
– Loan and receivables	27,349,597
Financial liabilities	
– Amortised cost	42,204,065

Liquidity risk management

Superb Kings is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations as its net liabilities position and net current liabilities position. The Financial Information has been prepared on a going concern basis because the shareholder of Superb Kings has agreed to provide adequate funds to enable Superb Kings to meet in full its financial obligations as they fall due for the foreseeable future. The financial support from the shareholder will be replaced by the Company if the acquisition by the Company is successful completed.

The liquidity of Superb Kings is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations and to obtain ongoing support from its shareholder.

The following tables detail Superb Kings' remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which Superb Kings' can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Within 1 year *HK$*	2 to 5 years *HK$*	Over 5 years *HK$*	Total undiscounted cash flows *HK$*	Total carrying amount *HK$*
At 31 December 2007						
Non-derivate financial liabilities						
Amount due to a shareholder	–	42,204,065	–	–	42,204,065	42,204,065

5.2 Capital risk management

Superb Kings's objectives of managing capital are to safeguard Superb Kings's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; to maintain an optimal capital structure to reduce the cost of capital; to provide capital for the purpose of strengthening Superb Kings's risk management capability.

In order to maintain or adjust the capital structure, Superb Kings may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Superb Kings actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of Superb Kings and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Superb Kings currently does not adopt any formal dividend policy. Management regards total equity as capital, for capital management purpose.

5.3 Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The sole director of Superb Kings considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair values.

6. TURNOVER

No turnover was generated by Superb Kings during the Relevant Period.

Segment information is not presented as Superb Kings is principally engaged in the businesses of investment holding in the Philippines, which over 90% of Superb Kings results and assets were related to during the Relevant Period.

7. LOSS BEFORE TAX

	From 6 July 2007 to 31 December 2007 *HK$*
Loss before tax is stated after charging:	
Operating lease rental expense in respect of land	475,237

8. SOLE DIRECTOR' REMUNERATION AND THE FIVE HIGHEST PAID EMPLOYEES

During the Relevant Period, no emoluments was paid or payable by Superb Kings to its sole director or the five highest paid employees for services rendered or as an inducement to joint or upon joining or as compensation for loss of office. The sole director of Superb Kings has not waived any emoluments during the Relevant Period.

	For the period from 6 July 2007 to 31 December 2007				
	Fee *HK$*	Salaries, allowance and bonus *HK$*	Retirement scheme *HK$*	Other fringe benefits *HK$*	Total *HK$*
Name of director					
Yeung Hak Kan	–	–	–	–	–

9. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as Superb Kings did not generate any assessable profits during the Relevant Period.

The income tax expense for the Relevant Period can be reconciled to loss for the period per income statement as follow:

	From 6 July 2007 to 31 December 2007 *HK$*	%
Loss before tax	475,237	
Tax at the applicable rate	166,333	35.0
Tax effect of non-deductible expenses	(166,333)	(35.0)
Income tax expenses	–	–

There are no material unprovided deferred tax assets and liabilities at the balance sheet date.

10. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

11. PROPERTY UNDER DEVELOPMENT

	At 31 December 2007
	HK$
Property under development	
– Construction cost	14,769,231

The property under development is situated in the Philippines under medium-term lease. As at the balance date, the sole director of Superb Kings reviewed the carrying value of the property under development with reference to current market situation and no impairment loss was recognised during the Relevant Period.

12. PREPAYMENTS AND DEPOSITS

	At 31 December 2007
	HK$
Prepayments	27,183,922
Deposits	165,675
	27,349,597

Included in prepayments and deposits are prepayment for construction fee of HK$22,798,607 and prepayment for rental expense in respect of land of HK$3,467,071. The sole director of Superb Kings considers that the carrying amounts of prepayments and deposits approximate to their fair value.

13. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, interest free and has no fixed repayment terms. The sole director of Superb Kings considers that the carrying amount of amount due to a shareholder approximates to its fair value.

14. SHARE CAPITAL

	At 31 December 2007
	HK$
Authorised, issued and fully paid:	
50,000 ordinary share of US$1.00 each	390,000

15. OPERATING LEASE COMMITMENTS

Superb Kings as lessee

At the balance sheet date, Superb Kings had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land which fall due as follows:

	At 31 December 2007
	HK$
Within a year	1,971,154
Two to five years	5,658,491
More than five years	48,067,803
	55,697,448

Operating leases in respect of land with lease terms of 25 years. Superb Kings does not have an option to purchase the leased asset at the expiry of the lease period.

16. CAPITAL COMMITMENTS

Authorised and contracted for:

	At 31 December 2007
	HK$
Construction cost of properties	34,963,700

17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in Note 13 to the Financial Information, Superb Kings had not entered into any transaction with related parties.

Compensation by key management personnel of Superb Kings represented the sole director' remuneration as disclosed in Note 8 to the Financial Information.

18. CONTINGENT LIABILITIES

Superb Kings did not have any significant contingent liabilities at 31 December 2007.

19. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 31 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period commenced from 6 July 2007 (date of incorporation) to 31 December 2007

Financial and business performance

As Superb Kings has not commenced business, no turnover has been recorded during the review period. Superb Kings intends to build a luxury hotel, namely Prestigious and Leisure Resort, which will offer extensive leisure facilities, including various water sports such as jet skiing, water skiing, scuba diving, yachting and fishing, and indoor/outdoor swimming pool.

During the period ended 31 December 2007, Superb Kings recorded a total turnover of nil. The loss after income tax was approximately HK$475,237 mainly attributed from the operating lease rental cost of Superb Kings for the period.

Liquidity and financial resources

As at 31 December 2007, Superb Kings had net current liabilities of approximately HK$14,854,468. The current liabilities, representing the total liabilities of the company, of approximately HK$42,204,065 attributed to the amount due to a shareholder of Superb Kings for the sole purpose of financing the business. In addition, as at 31 December 2007, the current ratio of Superb Kings was approximately 64.80%. The gearing ratio (defined as total liabilities over the total assets) of Superb Kings as at 31 December 2007 was approximately 100.2%. Superb Kings generally finances its business solely by its shareholder.

Charge of assets

Superb Kings did not have any pledged assets as at 31 December 2007.

Capital structure

As at 31 December 2007, the issued share capital of Superb Kings was HK$390,000, comprise of 50,000 issued and fully paid ordinary shares of US$1.00 each. There were no other loan stocks, preference shares or convertibles issued and outstanding.

Contingent liabilities

As at 31 December 2007, Superb Kings had no contingent liabilities.

Employees and remuneration

Given the Superb Kings has not commenced business during the review period, no employee was hired. No remuneration was recorded during the review period.

Exposure to foreign exchange

The revenue and cost of sales of the Superb Kings was mainly denominated in HK$ and therefore the Superb Kings was not exposed to any material foreign currency exchange risk.

Future prospects

The Prestigious and Leisure Resort is divided in three stages. The first phase development will be completed in April 2008 when the Prestigious and Leisure Resort can offer approximately 245 rooms for accommodations whereas the second and/or final phase of development is anticipated to be commenced in year 2008. The second and/or final phase development of the Prestigious and Leisure Resort will have the full capacity to offer services of over 250 rooms for accommodations and all entertainment facilities, including the recreation centre nearby the resort.

Save for the hotel business of Prestigious and Leisure Resort, there was no future plan for material investment or capital assets by the Superb Kings during the year.

Reconciliation of appraised property values with net carrying values

The reconciliation between the appraised values as at 31 January 2008 of the property under development of Superb Kings prepared by Grant Sherman Appraisals Limited with their net carrying values as at 31 December 2007 as reflected in the financial statements of Superb Kings are as follows:

	HK$	*HK$*
Property under development		
Property valuation as at 31 January 2008 as set out in Appendix V		23,500,000
Net carrying value as at 31 December 2007	14,769,231	
Additions	6,990,231	
		21,759,462
Revaluation surplus		1,740,538

Set out below is the pro forma statement of assets and liabilities of the Group as enlarged by the acquisition of the interest in Superb Kings and the report of such pro forma statement of assets and liabilities as extracted from Appendix VI to the Company's circular dated 10 April 2008.

(ii) The pro forma financial information of the Group as enlarged by the acquisitions of the interest in the Superb Kings as extracted from Appendix VI to the Company's circular dated 10 April 2008.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

10 April 2008

The Board of Directors
Galileo Holdings Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Galileo Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Superb Kings Limited ("Superb Kings") (together with the Group hereinafter referred to as the "Enlarged Group") set out on pages 171 to 181 under the headings of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix VI of the Company's circular dated 10 April 2008 (the "Circular") in connection with the proposed acquisition of entire issued share capital of Superb Kings and the Sale Loan (the "Acquisition"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition, which will result in the formation of the Enlarged Group, might have affected the relevant financial information presented, for inclusion in Appendix VI of the Circular. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 174 of Appendix VI to this Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involved independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the financial position of the Enlarged Group as at 30 September 2007 or any future date, or

– the results and cash flows of the Enlarged Group for the year ended 31 March 2007 or any future periods.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The following is the unaudited pro forma financial information of the Enlarged Group as if the Acquisition completed on 30 September 2007 for the unaudited pro forma consolidated balance sheet and the Group has completed the acquisition of Loyal King Investment Limited ("Loyal King") on 30 September 2007, and the Acquisition completed on 1 April 2006 for the unaudited pro forma consolidated income statement and cash flow statement and the Group has completed the acquisition of Loyal King on 1 April 2006. The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the proposed acquisition of entire issued share capital of Superb Kings and the Sale Loan and at an aggregate consideration of HK$205 million (the "Consideration").

The accompanying unaudited pro forma financial information of the Enlarged Group is based on certain assumption, estimates, uncertainties and other currently available financial information, and is provided for illustrative purposes only because of its hypothetical nature, it may not give a true picture of the actual financial position and financial results of the Enlarged Group's operations that would have been attained had the Acquisition actually occurred on the dates indicated herein. Further, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position or results of operations.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunctions with the Accountants' Report on Superb Kings as set out in Appendix II to the Company's circular dated 10 April 2008 and the historical financial information on the Group as set out in Appendix I to the Company's circular dated 10 April 2008 and other financial information included elsewhere in that circular.

(i) Unaudited Pro Forma Consolidated Balance Sheet of the Enlarged Group

The following is the unaudited pro forma consolidated balance sheet of the Enlarged Group, assuming that the Acquisition has been completed on 30 September 2007. The unaudited pro forma consolidated balance sheet is based on the enlarged Group after completion of the acquisition of Loyal King which represented the aggregate amount of the balances of the Group as at 30 September 2007, the balances of Loyal King as at 31 August 2007, the balances of Alliance Computer Systems Limited ("Alliance Systems") as at 31 August 2007 and the balances of Alliance Computer Services Limited ("Alliance Services") as at 31 August 2007, as extracted from the pro forma consolidated balance sheet set out in Appendix III to this Circular, the audited balance sheet of Superb Kings as at 31 December 2007 as set out in Appendix II to this Circular. Such information is adjusted to reflect the effect of the Acquisition.

As the unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up to or at any future date.

	The enlarged Group after completion of the acquisition of Loyal King	**Superb Kings at 31 December 2007**	**Sub-total**	**Pro forma adjustment** (Note 1)	**The Enlarged Group**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Non-current assets					
Investment properties	2,600,000	–	2,600,000		2,600,000
Property, plant and equipment	5,266,614	–	5,266,614		5,266,614
Property under development	–	14,769,231	14,769,231	1,230,769	16,000,000
Goodwill	194,117,584	–	194,117,584	218,424,249	412,541,833
	201,984,198	14,769,231	216,753,429		436,408,447
Current assets					
Inventories	123,436	–	123,436		123,436
Trade receivables	1,758,884	–	1,758,884		1,758,884
Deposits, prepayments and other receivables	754,233	27,349,597	28,103,830		28,103,830
Cash and cash equivalents	21,312,103	–	21,312,103	(89,500,000)	(68,187,897)
	23,948,656	27,349,597	51,298,253		(38,201,747)

	The enlarged Group after completion of the acquisition of Loyal King	Superb Kings at 31 December 2007	Sub-total	Pro forma adjustment (Note 1)	The Enlarged Group
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Current liabilities					
Trade payables	2,303,802	–	2,303,802		2,303,802
Deposit received, accruals, other payables and provisions	30,000	–	30,000		30,000
Due to a director	27,284	–	27,284		27,284
Bank loan	253,484	–	253,484		253,484
Obligation under finance lease – current portion	27,255	–	27,255		27,255
Amount due to a shareholder	–	42,204,065	42,204,065	(42,204,065)	–
Tax payable	564,808	–	564,808		564,808
	3,206,633	42,204,065	45,410,698		3,206,633
Net current assets/(liabilities)	20,742,023	(14,854,468)	5,887,555		(41,408,380)
Total assets less current liabilities	222,726,221	(85,237)	222,640,984		395,000,067
Non-current liabilities					
Bank loan	3,684,893	–	3,684,893		3,684,893
Deferred tax liabilities	–	–	–	73,846	73,846
Obligation under finance lease – long term portion	20,174	–	20,174		20,174
	3,705,067	–	3,705,067		3,778,913
Total assets and liabilities	219,021,154	(85,237)	218,935,917		391,221,154
Capital and reserves					
Share capital	29,564,000	390,000	29,954,000	1,710,000	31,664,000
Reserves	188,898,124	(475,237)	188,422,887	170,575,237	358,998,124
Minority interest	559,030	–	559,030		559,030
Total equity	219,021,154	(85,237)	218,935,917		391,221,154

(ii) Unaudited Pro Forma Consolidated Income Statement for the Enlarged Group

The following is the unaudited pro forma consolidated income statement of the Enlarged Group, assuming that the Acquisition has been completed on 1 April 2006. The unaudited pro forma consolidated income statement is based on the enlarged Group after completion of the acquisition of Loyal King which represented the aggregate amount of the results of the Group for the year ended 31 March 2007, the results of Alliance Systems for the year ended 31 March 2007 and the results of Alliance Services for the year ended 31 March 2007, as extracted from the pro forma consolidated income statement set out in Appendix III to this Circular, the audited income statements of Superb Kings for the period from 6 July 2007 (date of incorporation) to 31 December 2007 as set out in Appendix II to this Circular. Such information is adjusted to reflect the effect of the Acquisition.

As the unaudited pro forma consolidated income statement of the Enlarged Group has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the results of the Enlarged Group after completion of the Acquisition for the year ended to which it is made up to or for any future date.

	The enlarged Group after completion of the acquisition of Loyal King	**Superb Kings for the period ended 31 December 2007**	**The Enlarged Group**
	HK$	*HK$*	*HK$*
Revenue	11,893,326	–	11,893,326
Direct costs	(5,889,059)	–	(5,889,059)
Gross profit	6,004,267	–	6,004,267
Other operating income	4,864,980	–	4,864,980
Administrative expenses	(15,034,583)	(475,237)	(15,509,820)
Finance cost	(67,584)	–	(67,584)
Loss before tax	(4,232,920)	(475,237)	(4,708,157)
Income tax expenses	(284,016)	–	(284,016)
Loss for the year	(4,516,936)	(475,237)	(4,992,173)

(iii) Unaudited Pro Forma Consolidated Cash Flow Statement for the Enlarged Group

The following is the unaudited pro forma consolidated cash flow statement of the Enlarged Group, assuming that the Acquisition has been completed on 1 April 2006. The unaudited consolidated cash flow statement is based on the enlarged Group after completion of the acquisition of Loyal King which represented the aggregate amount of the cash flows of the Group for the year ended 31 March 2007, the cash flows of Alliance Systems for the year ended 31 March 2007 and the cash flows of Alliance Services for the year ended 31 March 2007, as extracted from the pro forma consolidated cash flow statement set out in Appendix III to this Circular, the audited cash flow statement of Superb Kings for the period from 6 July 2007 (date of incorporation) to 31 December 2007 as set out in Appendix II to this Circular. Such information is adjusted to reflect the effect of the Acquisition.

As the unaudited pro forma consolidated cash flow of the Enlarged Group has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the cash flow of the Enlarged Group after completion of the Acquisition for the year ended to which it is made up to or for any future period.

	The enlarged Group after completion of the acquisition of Loyal King	**Superb Kings for the period ended 31 December 2007**	**Sub-total**	**Pro forma adjustment** (Note 2)	**The Enlarged Group**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Operating activities					
Loss before income tax	(4,243,902)	(475,237)	(4,719,139)		(4,719,139)
Adjustment for:					
Depreciation of property, plant and equipment	468,963	–	468,963		468,963
Wavier of amount due to an ex-director	(4,792,737)	–	(4,792,737)		(4,792,737)
Bank interest income	(53,389)	–	(53,389)		(53,389)
Finance costs	67,584	–	67,584		67,584
Impairment loss recognised in respect of goodwill	2,332,815	–	2,332,815		2,332,815
Share base payment expenses	3,272,393	–	3,272,393		3,272,393
Operating cash flows before movements in working capital	(2,948,273)	(475,237)	(3,423,510)		(3,423,510)
Decrease in inventories	4,170	–	4,170		4,170
Increase in trade receivables, prepayments, deposits and other receivables	(2,106,610)	(27,349,597)	(29,456,207)		(29,456,207)
Increase in amount due to a director	1,188,368	–	1,188,368		1,188,368
Increase in deposits received accruals, other payable	1,217,929	–	1,217,929		1,217,929

	The enlarged Group after completion of the acquisition of Loyal King *HK$*	Superb Kings for the period ended 31 December 2007 *HK$*	Sub-total *HK$*	Pro forma adjustment (Note 2) *HK$*	The Enlarged Group *HK$*
Cash used in operating activities	(2,644,416)	(27,824,834)	(30,469,250)		(30,469,250)
Interest received	53,389	–	53,389		53,389
Tax expense paid	(15,762)	–	(15,762)		(15,762)
Net cash used in operating activities	(2,606,789)	(27,824,834)	(30,431,623)		(30,431,623)
Cash flow from investing activities					
Acquisition of subsidiaries	(51,400,960)	–	(51,400,960)	(89,500,000)	(140,900,960)
Purchase of property, plant and equipment	(58,511)	–	(58,511)		(58,511)
Increase in property under development	–	(14,769,231)	(14,769,231)		(14,769,231)
Net cash used in investing activities	(51,459,471)	(14,769,231)	(66,228,702)		(155,728,702)
Cash flow from financing activities					
Proceeds from other borrowings	5,000,000	–	5,000,000		5,000,000
Increase in amount due to a shareholder	–	42,204,065	42,204,065		42,204,065
Loan interest paid	(67,584)	–	(67,584)		(67,584)
Dividend paid	(200,000)	–	(200,000)		(200,000)
Repayment of obligation under finance leases	(26,603)	–	(26,603)		(26,603)
Proceeds from placing of new shares during the year	11,210,000	–	11,210,000		11,210,000
Proceeds from issue of shares	–	390,000	390,000		390,000
Recognition of share issue expenses	(405,120)	–	(405,120)		(405,120)
Proceeds from share option	1,500,000	–	1,500,000		1,500,000
Net cash generated from financing activities	17,010,693	42,594,065	59,604,758		59,604,758

	The enlarged Group after completion of the acquisition of Loyal King *HK$*	Superb Kings for the period ended 31 December 2007 *HK$*	Sub-total *HK$*	Pro forma adjustment (Note 2) *HK$*	The Enlarged Group *HK$*
Net decrease in cash and cash equivalents	(37,055,567)	–	(37,055,567)		(126,555,567)
Cash and cash equivalents at 1 January	(277,413)	–	(277,413)		(277,413)
Cash and cash equivalents at 31 December	(37,332,980)	–	(37,332,980)		(126,832,980)
Analysis of the balance of cash and cash equivalents					
Cash at bank and in hand	(37,332,980)	–	(37,332,980)		(126,832,980)

Notes on the pro forma adjustment to the unaudited pro forma financial information on the Enlarged Group

1. For the purpose of this pro forma financial information, the values of assets and liabilities of Superb Kings as at 31 December 2007 and the Consideration were taken to be the fair values for consolidation purpose.

   The adjustment reflects the following:

   (i) Upon the completion of the Acquisition, Superb Kings was accounted as a subsidiary of the Company, the property under development was transferred to the Group. Upon Acquisition, the Group will adjust the property under development to its fair value by reference to a valuation performed by an independent valuer, Grant Sherman Appraisal Limited. The fair value adjustment amounted to HK$1,230,769 according to the valuation report as at 31 December 2007 and the revaluation of property under development amounted to HK$16,000,000. Up to 31 January 2008, the revaluation of property under development as at 31 January 2008 amounted to HK$23,500,000 as set out in Appendix V and the revaluation surplus amounted to HK$1,740,538. Shareholders should note that the revaluation of property under development and the fair value adjustment may be subject to change upon completion of the Acquisition.

   (ii) Goodwill of HK$218,424,249 arising from the Acquisition of Superb Kings, which is derived from the calculation as follow:

	HK$
Fair value of net assets of Superb Kings	1,145,532
Loan from a shareholder	42,204,065
Deferred tax liabilities	(73,846)
Goodwill	218,424,249
Total consideration	261,700,000
Satisfied by:	
Fair value of shares issued by the Company *(Note)*	172,200,000
Cash consideration	89,500,000
	261,700,000

   Note: Pursuant to the agreement, the 105,000,000 ordinary shares of the Company with par value of HK$0.02 each will be issued on the actual date of Completion. The fair value of the shares to be issued is HK$172,200,000 with reference to the market price of HK$1.64 per share of the Company's share as at 28 September 2007, being the nearest trading date of 30 September 2007. The actual value of the Consideration shares would be different on the Completion Date.

   (iii) The pro forma adjustment of cash and cash equivalents of HK$89,500,000 represented the cash settlement of the consideration for the Acquisition.

   (iv) The adjustment on the amount due to a shareholder of HK$42,204,065 represents the shareholder's loan acquired and eliminated as inter-group balance on consolidation.

   (v) Deferred tax liabilities of HK$73,846 represent the resulting deferred tax liabilities of increase in fair value of property under development of HK$1,230,769 at the tax rate of 6% enacted in the Philippine.

   (vi) The adjustment on share capital of HK$1,710,000 represents the increase in share capital of HK$2,100,000 upon the issue of 105,000,000 Consideration Shares at par value as part of the consideration and elimination of share capital of Superb Kings of HK$390,000 on consolidation.

   (vii) The pro-forma adjustment of reserves of HK$170,575,237 represents (a) share premium of HK$113,400,000 for 105,000,000 ordinary shares issued by the Company; (b) special reserve of HK$56,700,000 arising from the difference between the fair value and the contracted value of consideration paid for the Acquisition; and (c) the elimination of the pre-acquisition reserves of Superb Kings of HK$475,237.

2. The pro forma adjustment in the unaudited pro forma consolidated cash flow statement of HK$89,500,000 represents the cash consideration paid upon the completion.

3. After making the above pro forma adjustments, the pro forma consolidated balance sheet showed a shortfall of cash and cash equivalents of HK$68,187,897. The Group received net proceeds of approximately HK$123.20 million through placing a total of 80,000,000 new shares at the placing price of HK$1.58 per placing share on 5 November 2007, details of the placing were disclosed in the Company's announcement dated 16 October 2007. The shortfall will be settled by the internal resources of the Group and aforesaid placing of new shares to ensure that the Group has sufficient working capital to precede the Acquisition.

GRANT SHERMAN APPRAISAL LIMITED

Room 1701 on 17/F
Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

22 June 2009

Sun International Group Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan,
Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair value of a 100% equity interest in the business entity of Gold Track Mining and Resources Ltd. (金澤礦產資源有限公司) (the "Company"). It is a company having 95% equity interests in PT. Tomico Resources, which have 100% indirect and beneficial interest in PT. Kapitalindo Management by share pledge arrangement. PT. Kapitalindo Management has obtained the exploration permit on October 2008 and exploitation permit for iron sand exploitation in Ende on January 2009.

This appraisal report identifies the business entity appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value.

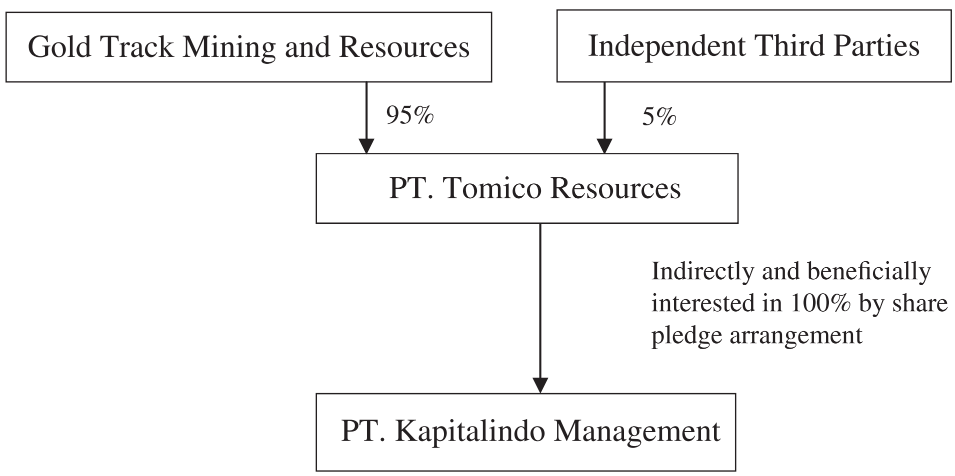
We have conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Committee (the "IVSC"). According to IVSC, fair value is defined as *"The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction"*. The fair value of the business entity of the Company is derived through the application of the income approach.

The purpose of this appraisal is to express an independent opinion of the fair value of the Company as of 31 March 2009 (the "Date of Valuation"). It is our understanding that this appraisal will be used for acquisition purposes and our report will be used in connection with a public document.

INTRODUCTION

The Background

Gold Track Mining and Resources Ltd. (金澤礦產資源有限公司) is registered in the British Virgin Islands in May 2008, and is 55% owned by Ms. Yeung So Lai and 45% owned by independent third parties. The Company is an investment holding company holding PT. Tomico Resources and PT. Kapitalindo Management, which has obtained the exploration permit on October 2008 and exploitation permit for iron sand exploitation in Ende on January 2009. The shareholding structure of the Company is shown below:



PT. Tomico Resources is a company incorporated in Indonesia on March 2008 with limited liability and has 100% indirect and beneficial interests in PT. Kapitalindo Management.

PT. Kapitalindo Management is a company incorporated in Indonesia on November 2006 with limited liability and its entire issued share capital will be wholly beneficially owned by PT. Tomico Resources as a result of the share pledge arrangement between PT. Kapitalindo Management and PT. Tomico Resources. PT. Kapitalindo Management has obtained the exploration permit, which is granted by the Indonesian government for exploration of the mineral resources in a mine located in Ende Flores, Nusa Tenggara Timur in Indonesia ("the Mine"). PT. Kapitalindo Management has also obtained the exploitation permit for iron sand exploitation in Ende for the period of 30 years according to the legal opinion on PT. Kapitalindo provided by P.T. Multi Utama Bisnis Solusi.

The Mine

According to the Company shareholding structure, the Company owns 95% of the Mine which is located in Ende Flores, Nusa Tenggara Timur in Indonesia with a total length of 38km and an aggregate mining area of 4,413 hectares. According to the Feasibility Study Report provided by the Company[1], the Mine is estimated to have iron resources of approximately 80.60 million tons. The Mine is located at 3km away from the local airport, 3.5km away from the pier and is surrounded by state highways.

Mining services agreement

PT. Tomico Resources will provide all services necessary or related to the extraction of the iron ores for the term stipulated in the Exploration Permit, which is owned by PT. Kapitalindo Management. It is intended that PT. Tomico Resources will undertake all expenditure in relation to the exploitation and will recover its costs by charging PT. Kapitalindo Management a mining services fee which represents the actual cost of mining plus a margin to ensure that PT. Tomico Resources will earn a reasonable return. Moreover, PT. Tomico Resources will provide sales services, including soliciting potential customers of the iron ores according to the Mining services agreement.

INDUSTRY AND MARKET OVERVIEW

Heavy mineral sands are in placer deposits which are formed most usually in beach environments[2]. Placer deposits are primarily gold, cassiterite, ilmenite, rutile, magnetite, monazite, kyanite, sillimanite, tourmaline and garnet, etc. The origin and concentration of the minerals depend on the disintegrating of rocks and landforms from which the rock particles are transported and on which they are deposited. The mineral sands are carried to deposit as a beach by waves. The waves wash back lighter sand grains and leave heavier sand grains on the beach. Over geologic time, some deposits of sand grains are formed well inland[3]. In Indonesian archipelago, especially in Java Island, rich deposits of iron sand originated from volcanic processes[4].

1 印尼ENDE海濱磁鐵礦資源開發可行性分析, 2008-11; Gold Track Mining and Resources Ltd. 金澤礦產資源有限公司

2 Wikipedia

3 Pincock Perspectives, Issue No. 66, May 2005

4 Bijaksana, Rusyanti, Taib, Pasasa & Andreas (2005), "The Use of GPR in Delineating an Iron Sand Boundary and the Determination of Its Electromagnetic Wave Velocity: A Case Study of Jepara, Central Java", PROC. ITB Eng & Science Vol. 37, No. 2, 2005, p.77-p.79

Mining Industry in Indonesia

Indonesia is one of the richest mineral resource countries in Southeast Asia. It features among ten of global leading mining industries in terms of mineral and metal potential[5]. Mineral deposits, oil and gas developments have been an important part of the Indonesian government's plan for economic growth. Indonesia's major mineral commodities are bauxite, cement, coal, copper, natural gas, nickel, petroleum, and tin[6]. Table 1 shows the Indonesian production of iron sand between 2003 and 2007:

Table 1: Indonesian Production of Iron Sand (Metric tons)

	2003	2004	2005	2006	2007
Iron sand, dry basis	245,409	89,664	32,203	87,970	61,077

Source: 2007 Mineral Yearbook of Indonesia, U.S. Geological Survey

The mining industry benefits the Indonesian economy. In 2007, Indonesia's mining industry contribution to GDP raised 23%, from Rp 130.701 trillion in 2006 to Rp 160.459 trillion in 2007 (see Table 2). The mining industry contributed approximately 4% only to the total Indonesian GDP and more than 20% of revenue of Indonesian export[7]. However, the industry contributed large percentage of GRDP (Gross Regional Domestic Product) in several Indonesian provinces including Papua, Bangka-Belitung, West Nusa Tenggara and East Kalimantan[8].

Table 2: Mining Industry in the Indonesian economy (Currency: Rp Trillion)

	2006	2007	Movement
Mining industry contribution to GDP	130.701	160.459	+23%

Source: MineIndonesia 2008 – Review of Trends in the Indonesian Mining Industry, PricewaterhouseCoopers

Besides, the Indonesian Government encouraged domestic and foreign investors to invest in the Indonesian mining industry. In 2006, 13 mining projects worth US$98.5 million were brought into production and Indonesia's export grew significantly because of the world's high demand for mineral-resource-based products such as coal, copper, hydrocarbons, nickel, and tin, etc. Total mineral export from Indonesia increased from US$101 billion in 2006[9] to US$114.1 billion in 2007[10].

[5] The Indonesia Mining Report 2008, Business Monitor International
[6] 2007 Mineral Yearbook of Indonesia, U.S. Geological Survey
[7] Badan Pusat Statistik – Indonesia
[8] MineIndonesia 2008 – Review of Trends in the Indonesian Mining Industry, PricewaterhouseCoopers
[9] 2006 Mineral Yearbook of Indonesia, U.S. Geological Survey
[10] 2007 Mineral Yearbook of Indonesia, U.S. Geological Survey

Increase in exploration and discovery of new mineral reserves are essential for developing the Indonesian mining industry in the long run[11]. In 2006, Indonesia's share of mineral exploration spending around the world reduced to 1%. However, the discovery of mineral deposits in Indonesia is expected to remain highly in the future. Also, the Indonesian Government implemented some policies to encourage more mining investment. For example, the government started 110 infrastructure projects worth US$16.5 billion in 2006 to encourage domestic mining investment[12]. The Business Monitor International, specializing in an industry analysis, forecasted that the Indonesian mining industry will have an average annual growth of 5.82% from now until 2011 and will be valued at nearly US$50 billion in 2011[13].

Demand of Iron Ore in China

China is one of the leading economic and trade countries around the world because it is a huge market with 1.3 billion of population. In 2007, China's mineral trade accounted for 22.7% of its total trade. China was also one of the few countries affecting the global mineral market by its domestic demand and supply of commodities. According to China's customs statistics, total trade of minerals and metals in China increased to US$494.2 billion in 2007 and increased 28.7% from that of 2006. China is rich in mineral resources and one of the global leading producers of iron and steel[14]. However, it consumes over 50% of the iron ore production[15] so China's iron ore production have not been able to meet domestic demand and it needs to import iron ore from other countries. The amount of iron ore import to China increased from 326 million metric tons in 2006 to more than 383 million metric tons in 2007. Australia, India, Brazil, South Africa and Canada are major iron ore exporters to China[16]. Table 3 shows the imported quantity and value of iron ore to China in 2007:

Table 3: China: Imported Quantity and Value of Iron Ore in 2007

	Quantity *(Metric tons)*	**Value** *(Thousands)*
Iron ore	383,090,000	US$33,795,570

Source: 2007 Mineral Yearbook of China, U.S. Geological Survey

Table 3 indicates that China imported 383,090,000 metric tons of iron ore in 2007, which valued at US$33,795,570. China's demand of imported iron ore is expected to increase in the future. The research article from Research and Markets forecasted that China's import of iron ores will increase from 275 million tons in 2005 to 540 million tons in 2010[17].

[11] The Indonesia Mining Report 2008, Business Monitor International
[12] 2006 Mineral Yearbook of Indonesia, U.S. Geological Survey
[13] The Indonesia Mining Report 2008, Business Monitor International
[14] 2007 Mineral Yearbook of China, U.S. Geological Survey
[15] China industry research and investment analysis: iron ore mining industry, 2008 http://www.researchandmarkets.com/reports/588147
[16] 2007 Mineral Yearbook of China, U.S. Geological Survey
[17] China industry research and investment analysis: iron ore mining industry, 2008 http://www.researchandmarkets.com/reports/588147

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business entity of the Company on the basis of fair value. Fair value is defined as *"The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction"*.

The valuation procedures we employed were based on the requirements set by the relevant IVSC. The issues considered include, but not limited to, the following:

- Identification and recognition of the business subject to the valuation
- The rights, privileges, or conditions that attach to the ownership interest
- The relative size of the ownership interest to be valued
- The nature and prospect of the mining business
- Past operating results of other mines in the world
- The economic outlook and national polices that may affect the business
- The assets, liabilities, and equity and financial condition of the business
- The ability to generate future economic benefits and the measurability of such future economic benefits
- The business risks related to the operation of the business
- Extent, utility and capacity of the beaches, properties and mining equipments utilized by the business
- The financial forecast and the Feasibility Study Report of the Company

Our investigation included site visits and discussions with the management of the Company (the "Management") in relation to the history and nature of the business, a study of the financial forecast of the Company (the "Forecast") and a review of the information provided by the Management. We have examined such information and have no reason to doubt the truth and accuracy of them, and hence have assumed that such information provided to us by the Management is true and accurate. We have also consulted statistics, related government policies, articles and other public information related to the business of the Company to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information.

Due to the changing environment in which the Company is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprises. The major assumptions adopted in this appraisal are:

– There will be no major changes in the existing political, legal, and economic conditions in Indonesia, in which the Company will carry on its business;

– There will be no major changes in the taxation law in Indonesia, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

– Exchange rates and interest rates will not differ materially from those presently prevailing;

– Industry trends and market conditions for related industries in Indonesia will not deviate significantly from project forecasts. The production of iron sand in Indonesia has decreased from 2003 to 2005 but then increased in 2006. The decreasing trend up to 2005 has caused the attention of the Indonesian Government to encourage domestic and foreign investors to invest in the Indonesian mining industry including the mining of iron sand;

– The Feasibility Study Report and the Forecast have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;

– The availability of finance will not be a constraint on the Company's operation in accordance to the Feasibility Study Report and the Forecast; Both PT. Tomico Resources and PT. Kapitalindo Management will remain debt-free in the future;

– The Company has obtained all necessary permits, license, certificates and approvals to carry out mining and business operations;

– The Company has obtained the land use right certificates for the land the Company needs to occupy for its current and future operation;

– According to the technical report, there is 80.6 million tons of iron classified as category 333 based on China's Solid Minerals Resource Classification. We used a 50% of recovery rate in this valuation for the range of 50%-80% of recovery rate for 333 categorized resources as suggested by the China's mining rights assessment guidance (礦業權評估指南), meaning a total of 40.3 million tons can be extracted from the 80.6 millions tons of resource;

– According to our market research, the market price of iron powder ranges from US$70 to US$100 depending on the quality and origin location of the iron and whether they are future contracts or commodity. An average selling price of extracted iron would remain at US$85 per ton during the period between 2009 and 2021 according to the information provided by the Company; and

– The Company will recruit and have competent management, key personnel, and technical staff to implement the Feasibility Study Report and the Forecast.

VALUATION METHODOLOGY

In arriving at our concluded values of the Company, we have considered three generally accepted approached, namely income approach, market approach and cost approach.

Income Approach

In the income approach, the Discounted Cash Flow ("DCF") method will be used. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

Market Approach

In the market approach, the Guideline Publicly Traded Company ("GPTC") method will be applied to estimate the values of the Target Companies. In this method, the value is based on prices at which stocks of similar companies are trading in a public market. A "value measure" is usually a multiple computed by dividing the price of the guideline company's stock as of the calculation date by some relevant economic variable observed or calculated from the guideline company's financial statements.

A major requirement in applying the GPTC method is to identify companies that are comparable to the subject company in terms of business nature and associated risks. In practice, comparable companies are selected based on the following relevant factors: (1) products, (2) markets, (3) earnings and growth, (4) capital structure, (5) nature of competition and (6) the characteristics of driving underlying investment risk and expected rate of return.

Cost Approach

This approach seeks to measure the future benefits of ownership by quantifying the amount of money that would be required to replace or reproduce the future service capability of the subject asset, less depreciation from physical deterioration, functional and economic/external obsolescence, if present and measurable. The assumption underlying this approach is that the cost to purchase or develop new property is commensurate with the economic value of the service that the property can provide during its lives. The cost approach does not directly consider the amount of economic benefits that can be achieved or the time period over which they might continue. It is an inherent assumption with this approach that economic benefits indeed exist and are of sufficient amount and duration to justify the developmental expenditures.

Selection of Valuation Approach

In our opinion, the market approach and cost approach are inappropriate for valuing the fair values of the equity interest in the Company. First, the market approach relies heavily on data from public trading comparable companies that are revenue generating and profit making which are not the cases with the Company. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the Company. Therefore, this approach often serves as a valuation floor since most companies have greater value as a going concern than they would if liquidated, i.e., the present value of future economic benefits generated by the companies usually far exceed the value arrived through the application of the cost approach.

The fair value of the equity interest in the Company was developed through the application of the income approach technique known as the Discounted Cash Flow Method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future net cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

The Discount Rate Development

A discount rate is the expected rate of return that an investor would have to give up by investing in the subject investment instead of in available alternative investments that are comparable in terms of risk and other investment characteristics. When developing a discount rate to apply to the net cash flow, the discount rate is based on a weighted average cost of capital ("WACC") developed through the application of the Capital Asset Pricing Model ("CAPM"). In determining an appropriate discount rate utilizing the WACC analysis, a study was made of short-term interest rates, the yields of long-term corporate and government bonds, and other alternative investment instruments, as well as the typical capital structure of the companies in the industry. WACC is the weighted sum of cost of equity and after tax cost of debt.

The cost of equity was developed using Capital Asset Pricing Model ("CAPM"), a model widely used by the investment community. CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as non-systematic. Under CAPM, the appropriate cost of equity is the sum of the risk-free rate and the equity premium required by investors to compensate for the systematic risk assumed with adjustment for increments for risk differentials of the company being valued versus those of the comparable companies, which include adjustments for operation start-up (the "Company Specific Risk Discount") and other risk factors in relation to the liquidity of an ownership interest (the "Discount for Lack of Marketability").

The risk-free rate associated with the Company is the yield on bonds issued by the government of the country in which the subject company locates. Our analysis suggested that a discount rate of 35.25% is appropriate for valuing both PT. Tomico Resources and PT. Kapitalindo Management.

Additional Valuation Consideration

Small Capitalization Risk Premium

Small capitalization risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small size company. This premium reflects the fact that the cost of capital increases with decreasing size of the company. A number of studies were conducted in the matured markets which conclude that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from the CAPM model. We concluded that a small capitalization risk premium of 5.82% is appropriate for the Company.

Company Specific Risk Premium

The company specific risks associated with the Company are ones typically associated with a start-up business, mainly related to the successful establishment and implementation of the Business Plan. Uncertainty results from the lack of historical data to support the projected data in the Projection. To reflect the startup risk, a company specific risk premium of 3% is added in developing the discount rate.

The readers of this report should carefully consider the start-up nature of the mining business and the risks associated.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of empirical studies were conducted in an attempt to determine average levels of discounts for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted ("letter") stock studies.
- Studies of transactions in closely held stocks prior to initial public offerings (pre-IPOs).

In this case, a lack of marketability discount of 30% is deemed to be reasonable for the Company.

Sensitivity Analysis

We have identified the discount rate as the variable in our model whose sensitivity on the fair value of the Company is being tested. Our conclusion of the fair value of the Company increases from HK$521.6 million to HK$568.0 million as the discount rate decreases from 36.25% to 34.25% for PT. Tomico Resources and PT. Kapitalindo Management.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of 31 March 2009 the fair value of the Company is reasonably stated by the amount of **HONG KONG DOLLAR FIVE HUNDRED FORTY FOUR MILLION AND ONE HUNDRED THOUSAND (HK$544,100,000) ONLY**.

This appraisal was performed in accordance with the International Valuation Standards issued by IVSC and generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. We have not investigated the title to or any liabilities against the property appraised.

This appraisal has been prepared solely for the purpose stated herein. This appraisal report should not be referred to, in whole or part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any party without our prior written consent.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan, ASA	**Jacqueline W. Huang, Ph.D**
Managing Director	*Associate Director*

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business and intangible assets valuation in the Greater China region for various purposes since 1988. Jacqueline W. Huang is a Ph.D in real estate economics from the University of Hong Kong. She has been conducting business valuation for various purposes since 2005 and has extensive experience in transaction services.

Analyze and report by:
Keith C.C. Yan, ASA
Jacqueline W. Huang, Ph.D.
Clara C.Y. Tang, MS
Cindy S.K. Ho

(i) Letter from reporting accountants of the Company

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Andes Glacier & Co, Certified Public Accountants, Hong Kong.

Andes Glacier & Co
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行

Unit 1, 30th Floor
No.99 Hennessy Road
Wanchai
Hong Kong

22 June 2009

The Board of Directors
Sun International Group Limited
21/F The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 22 June 2009 prepared by Grant Sherman Appraisal Limited (the "Valuer") in respect of the fair value of 54% equity interest in Gold Track Mining and Resources Limited ("Gold Track") as at 31 March 2009 as set out in Appendix IV of the circular of Sun International Group Limited (the "Company") dated 22 June 2009 (the "Circular") in connection with the proposed acquisition of 54% interest in Gold Track by the Company.

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows for the valuation which is regarded as a profit forecast under rule 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

It is our responsibility to report, as required by rule 19.62(2) of the GEM Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

Basis of opinion

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the procedures under Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of Gold Track.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out in Appendix IV of the Circular.

Your faithfully,
Andes Glacier & Co,
Certified Public Accountants
Hong Kong

(ii) Letter from financial adviser of the Company

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Nuada Limited, the financial adviser of the Company.

Nuada Limited
Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

22 June 2009

To the Directors
Sun International Group Limited
21/F The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

We refer to the valuation report dated 22 June 2009 prepared by Grant Sherman Appraisal Limited (the "Valuer") in respect of the fair value of the business enterprise of Gold Track Mining and Resources Limited ("Gold Track") (the "Valuation Report"). The Valuation Report has been set out in Appendix IV to the circular of Sun International Group Limited (the "Company") dated 22 June 2009 (the "Circular").

As set out on pages 192 to 202 to the Circular, the Valuation Report including the basis of valuation and assumptions and the projections, of which the Directors are solely responsible, has been prepared based on the discounted future estimated cash flows of Gold Track and its business for the period from 1 April 2009 to 31 December 2021 made by the Valuer and reviewed by the directors of Gold Track (the "Projections").

We have discussed with the management of the Company the basis and assumptions in the Valuation Report upon which the Projections has been made. We have also considered the letter dated 22 June 2009 issued by Andes Glaciers & Co,, Certified Public Accountants, Hong Kong addressed to the Directors, regarding whether the Valuation Report was compiled properly so far as the calculations are concerned.

On the basis of the valuation and assumptions adopted by the Valuer and the arithmetical accuracy of the calculations to the Projections examined by Andes Glaciers & Co,, Certified Public Accountants, Hong Kong in respect of the Projections after properly reviewed by the Directors, we are of the view that the Projections, for which the Directors are responsible, has been made after due and careful enquiry by the Directors.

The purpose of this letter in connection with the Projections undertake by us is solely for the strict compliance under Rule 19.62(3) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. We, however, express no opinion in this letter on the actual results of the Projections as the Projections are based on hypothesis of the future event.

Yours faithfully,
For and on behalf of
Nuada Limited
Po Chan
Executive Director

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Andes Glacier & Co, Certified Public Accountants, Hong Kong.

Andes Glacier & Co
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行

Unit 1, 30th Floor
No.99 Hennessy Road
Wanchai
Hong Kong

22 June 2009

The Board of Directors
Sun International Group Limited
21st Floor, The Pemberton
22-26 Bonham Strand
Sheung Wan

Dear Sirs,

We report on the unaudited pro forma financial information of Sun International Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Gold Track Mining and Resources Limited ("Gold Track") and its subsidiaries (hereinafter collectively referred to as the "Gold Track Group") (together with the Group hereinafter referred to as the "Enlarged Group") set out on pages 207 to 218 under the headings of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix V of the Company's circular dated 22 June 2009 (the "Circular") in connection with the proposed acquisition of the 54% issued share capital of Gold Track, 51.3% of PT. Tomico Resources and 51.3% of PT. Kapitalindo Management (the "Acquisition"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition, which will result in the formation of the Enlarged Group, might have affected the relevant financial information presented, for inclusion in Appendix V of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involved independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the financial position of the Enlarged Group as at 31 December 2008 or any future date, or

– the results and cash flows of the Enlarged Group for the year ended 31 March 2009 or any future periods.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Andes Glacier & Co,
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

I. Basis of preparation

The unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared to illustrate the effect of the Acquisition.

The unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared in accordance with the Rules 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition took place on 31 December 2008.

The unaudited pro forma consolidated balance sheet is based on the condensed consolidated balance sheet for the nine months ended 31 December 2008 of the Group and the audited consolidated balance sheet of Gold Track Group as at 31 March 2009 as set out in Appendix II to this Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

The unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates and uncertainties. Accordingly, the unaudited pro forma consolidated balance sheet of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 December 2008, nor purport to predict the future financial position of the Enlarged Group.

The unaudited pro forma consolidated balance sheet of the Enlarged Group should be read in conjunctions with the Accountants' Report on the Gold Track Group as set out in Appendix II and the historical financial information on the Group as set out in Appendix I and other financial information included elsewhere in this Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

II. Unaudited pro forma consolidated balance sheets

	Nine months ended at 31 December 2008 of the Group	Gold Track Group at 31 March 2009	Pro forma adjustment			The Enlarged Group
			(Note 1)	*(Note 2)*	*(Note 3)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Non-current assets						
Goodwill	515,702,261	207,240			(207,240)	515,702,261
Investments in subsidiary	–	–		8,020,384	(8,020,384)	–
Property, plant and equipment	109,332,780	431,405				109,764,185
Exploration and evaluation assets	–	2,248,375			537,392,745	539,641,120
Property under Development	–	4,188,253				4,188,253
Loans receivable	–	779,069				779,069
	625,035,041	7,854,342				1,170,074,888
Current assets						
Inventories	2,134,272	–				2,134,272
Loan receivable	7,796,000	–	(7,796,000)			–
Trade receivables	80,749,295	–				80,749,295
Prepayments, deposits and other receivables	7,969,390	107,040	(224,384)			7,852,046
Bank balances and cash	36,711,660	3,471,983				40,183,643
	135,360,617	3,579,023				130,919,256
Current liabilities						
Trade payables	29,352,837	–				29,352,837
Accruals and other payables	1,141,812	22,193				1,164,005
Deposits received	145,970	–				145,970
Obligation under finance lease	7,810	–				7,810
Tax payable	18,058,233	–				18,058,233
Convertible loans	–	7,507,621	(7,507,621)			–
Amount due to a related party	–	4,043,350				4,043,350
Amount due to a related company	–	107,403				107,403
	48,706,662	11,680,567				52,879,608
Net current assets/ (liabilities)	86,653,955	(8,101,544)				78,039,648

	Nine months ended at 31 December 2008 of the Group	Gold Track Group at 31 March 2009	Pro forma adjustment			The Enlarged Group
			(Note 1)	*(Note 2)*	*(Note 3)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Total assets less current liabilities	711,688,996	(247,202)				1,248,114,536
Non-current liabilities						
Obligation under finance lease	15,938	–				15,938
	15,938	–				15,938
Total assets and liabilities	711,673,058	(247,202)				1,248,098,598
Capital and reserves						
Share capital	33,284,400	78,000		91,564	(169,564)	33,284,400
Reserves	672,409,106	(474,798)	(512,763)	7,928,820	279,048,685	958,399,050
Minority interest	5,979,552	149,596			250,286,000	256,415,148
Total equity	711,673,058	(247,202)				1,248,098,598

III. Notes to the unaudited pro forma consolidated balance sheets

Under HKFRS 3 Business Combination ("HKFRS 3") the Group will apply the purchase method to account for the acquisition of Gold Track Group. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of Gold Track Group will be recorded on the consolidated balance sheet of the Group at their fair value at the date of Completion. Any goodwill or discount arising on the acquisition will be determined as the excess or deficits of the purchase price to be incurred by the Group over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of Gold Track Group at the date of Completion. Negative goodwill resulting from the business combination should be recognised immediately in the consolidated income statement.

1. On 1 September 2008, the Group entered into a loan agreement of US$1,000,000 with Gold Track which the Group is entitled to capitalize the loan and interest accrued thereon into not less than 51% of the share capital of Gold Track as enlarged by the allotment and issue of additional shares to the Group.

   In accordance with the Hong Kong Accounting Standands 32 "Financial Instruments: Presentation", the convertible loans should be separated as liability portion and equity portion. In preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, the fair value of the liability portion and equity portion of convertible loans approximately HK$7,090,909 and HK$416,712 respectively has taken its fair value at 31 December 2008. The fair value of the liability portion of the convertible loans was calculated on the discounted cash flow method.

   The pro forma adjustment represents the elimination of intercompany balances of the convertible loans entered between the Group and Gold Track as if the Acquisition was completed on 31 December 2008.

2. Pursuant to the Subscription Agreement and Supplemental Agreement, Gold Track has conditionally agree to allot and issue 11,739 shares of Gold Track with par value of US$1 each on the actual date of Completion (representing approximately 54% of the enlarged share capital of Gold Track) to the Group in consideration of the Group capitalizing the loan of US$1,000,000 (and interest accrued thereon) due from Gold Track to the Group.

   The purchase consideration HK$8,020,384 would be settled by capitalizing the loan of US$1,000,000 (and interest accrued thereon) due from Gold Track to the Group.

3. On 1 September 2008, the Group entered into a loan agreement of US$1,000,000 with Gold Track which the Group is entitled to capitalize the loan and interest accrued thereon into not less than 51% of the share capital of Gold Track as enlarged by the allotment and issue of additional shares to the Group. As Gold Track owns 95% of PT. Tomico and PT. Tomico has 100% indirect and beneficial interest in PT. Kapitalindo by share pledge arrangement, and thus after the completion of the Acquisition, the Group also has 51.3% share holdings in PT. Tomico and PT. Kapitalindo.

   Gold Track Group are, therefore, considered by the Directors as subsidiaries of the Group because both of them will be controlled by the Group after the completion of the Acquisition. The balance sheet of both companies will be consolidated with that the Group from the date on which control is transferred to the Group.

   Upon the completion of the Acquisiton, Gold Track Group are accounted as subsidiaries of the Company, the exploration and evaluation assets was transferred to the Group. Upon acquisition, the Group will adjust the net assets of Gold Track Group to its fair value by reference to a valuation performed by an independent valuer, Grant Sherman Apprisal Limited. Up to 31 March 2009, the fair value of net assets of Gold Track Group amounted to HK$544,100,000 as set out in Appendix IV. The fair value adjustment amounted to HK$537,392,745 according to the valuation report as at 31 March 2009 and the revaluation of exploration and evaluation assets amounted to HK$539,641,120. Shareholders should note that the fair value adjustment may be subject to change upon completion of the Acquisition.

   Gain on business combination of HK$285,793,616 arising from the Acquisition of Gold Track, which is derived from the calculation as follow:

	HK$
Fair value of net assets of Gold Track Group	293,814,000
Gain on business combination	(285,793,616)
Total consideration	8,020,384
Satisfied by:	
Interest income receivable	224,384
Convertible loans	7,796,000
	8,020,384

The gain on business combination of HK$285,793,616 is the excess of the Group's interest in the net fair value of Gold Track Group's identifiable assets, liabilities and contingent liabilities over the cost of acquisition. The whole amount of the excess HK$285,793,616 should be recognised immediately in profit or loss.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE ENLARGED GROUP

The following is the unaudited pro forma consolidated income statement of the Enlarged Group, assuming that the Acquisition has been completed on 1 April 2007. The unaudited pro forma consolidated income statement is based on the consolidated income statement set out in Appendix I of the Company's circular dated 22 June 2009 which provide information about how the Acquisition might have affected the financial information of the Group, the audited consolidated income statements of Gold Track Group for the period from 16 May 2008 (date of incorporation) to 31 March 2009 as set out in Appendix II to this Circular, after making pro forma adjustments to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

I. Unaudited pro forma consolidated income statement

	The Group for the year ended 31 March 2008	Gold Track Group for the period ended 31 March 2009	Pro forma adjustment		The Enlarged Group
			(Note 4)	*(Note 5)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	44,335,788	–			44,335,788
Direct costs	(9,201,795)	–			(9,201,795)
Gross profit	35,133,993	–			35,133,993
Gain on business combination	–	–		285,793,616	285,793,616
Other operating income	420,630	1,402,728			1,823,358
Administrative expenses	(28,366,598)	(1,602,133)			(29,968,731)
Fair value changes of investment properties	30,000	–			30,000
Finance costs	(275,380)	(416,712)	416,712		(275,380)
Profit/(loss) before taxation	6,942,645	(616,117)			292,536,856
Income tax expenses	(4,352,156)	–			(4,352,156)
Profit/(loss) for the year	2,590,489	(616,117)			288,184,700
Attributable to:					
Equity interest of the Company	2,386,359	(618,128)			1,768,231
Minority interests	204,130	2,011			206,141
	2,590,489	(616,117)			1,974,372

II. Notes to the unaudited pro forma consolidated income statement

4. The pro forma adjustment HK$416,712 represents the interest expenses of Gold Track Group incurred from the convertible loans for the period from 16 May 2008 (date of incorporation) to 31 March 2009. The pro forma adjustment represents the elimination of inter-group transaction assuming that the Acquisition has been completed on 31 March 2009.

5. The pro forma adjustment of approximately HK$285,793,616 represents gain on business combination. In the opinion of the directors, the effect of gain on business combination would be fairly presented on the unaudited pro forma consolidated income statement, if assuming the Acquisition has been completed on 31 March 2009. Details please refer to note 3 of the Unaudited Pro Forma Financial Information of the Enlarged Group.

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE ENLARGED GROUP

The following is the unaudited pro forma consolidated cash flow statement of the Enlarged Group, assuming that the Acquisition has been completed on 1 April 2007. The unaudited consolidated cash flow statement is based on the audited consolidated cash flow statement as set out in Appendix I of the Company's circular dated 22 June 2009 which provide information of the Group, the audited consolidated cash flow statements of Gold Track Group for the period from 16 May 2008 (date of incorporation) to 31 March 2009 as set out in Appendix II to this Circular, after making pro forma adjustments to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

I. Unaudited pro forma consolidated cash flow statement

	The Group for the year ended 31 March 2008	**Gold Track Group for the period ended 31 March 2009**	**Pro forma adjustment**		**The Enlarged Group**
			(Note 7)	*(Note 8)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Operating activities					
Profit/(loss) before tax	6,942,645	(616,117)	286,210,328		292,536,856
Adjustment for:					
Depreciation of property, plant and equipment	399,806	35,809			435,615
Waive of amount due to an ex-director	(185,000)	–			(185,000)
Loss on disposal of property, plant and equipment	547,439	–			547,439
Bank interest income	(146,247)	(1,189)			(147,436)
Loan interest income	–	(19,539)			(19,539)
Finance costs	275,380	416,712	(416,712)		275,380
Fair value changes of investment properties	(30,000)	–			(30,000)
Gain on business combination	–	–	(285,793,616)		(285,793,616)
Impairment loss recognised in respect of goodwill	2,332,814	–			2,332,814
Share-based payment expenses	5,757,471	–			5,757,471

	The Group for the year ended 31 March 2008	Gold Track Group for the period ended 31 March 2009	Pro forma adjustment		The Enlarged Group
			(Note 7)	*(Note 8)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Operating cash flows before movements in working capital	15,894,308	(184,324)			15,709,984
Decrease in inventories	81,380	–			81,380
Increase in trade receivables, prepayments, deposits and other receivables	(64,017,000)	(107,040)			(64,124,040)
Increase in accruals, other payables and deposits received	1,345,649	22,193			1,367,842
Decrease in amount due to a director	(307,403)	–			(307,403)
Increase in amount due to a related company	–	107,403			107,403
Increase in amount due to a related party	–	4,043,350			4,043,350
Cash (used in)/generated from operating activities	(47,003,066)	3,881,582			(43,121,484)
Loan interest received	–	19,539			19,539
Bank interest received	146,247	1,189			147,436
Income tax paid	(720,847)	–			(720,847)
Net cash (used in)/generated from operating activities	(47,577,666)	3,902,310			(43,675,356)
Investing activities					
Acquisition of subsidiaries	(36,465,669)	–			(36,465,669)
Amounts advanced to related parties	–	(779,069)			(779,069)
Proceeds from disposal of property, plant and equipment	79,975	–			79,975
Purchase of exploration and evaluation assets	–	(2,248,375)			(2,248,375)
Construction expenditures on property under development	–	(4,188,253)			(4,188,253)
Purchase of property, plant and equipment	(1,799,708)	(467,214)			(2,266,922)
Net cash used in investing activities	(38,185,402)	(7,682,911)			(45,868,313)

	The Group for the year ended 31 March 2008	Gold Track Group for the period ended 31 March 2009	Pro forma adjustment		The Enlarged Group
			(Note 7)	*(Note 8)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Financing activities					
Repayment of other borrowings	(5,000,000)	–			(5,000,000)
Loan interest paid	(266,352)	–			(266,352)
Finance leases interest paid	(9,028)	–			(9,028)
Repayments of obligations under finance leases	(85,588)	–			(85,588)
Proceeds from bank borrowings	4,000,000	–			4,000,000
Repayments of bank borrowings	(216,490)	–			(216,490)
Proceeds from convertible loans	–	7,800,000		(7,800,000)	–
Proceeds from issue of shares	–	273,533		7,800,000	8,073,533
Proceeds from placement of shares	179,942,500	–			179,942,500
Recognition of share issues expenses	(4,675,350)	–			(4,675,350)
Proceeds from the exercise of share options	14,935,500	–			14,935,500
Net cash generated from financing activities	188,625,192	8,073,533			196,698,725
Net increase in cash and cash equivalents	102,862,124	4,292,932			107,155,056
Cash and cash equivalents at the beginning of the year	1,801,684	–			1,801,684
Effect of foreign exchange rates changes	–	(820,949)			(820,949)
Cash and cash equivalents at the end of the year	104,663,808	3,471,983			108,135,791
Analysis of the balance of cash and cash equivalents					
Bank balances and cash	104,663,808	3,471,983			108,135,791

II. Notes to the unaudited pro forma consolidated cash flow statement

7. The pro forma adjustment to the consolidated cash flow statement of approximately HK$286,210,328 represents the recognition of the gain on business combination of approximately HK$285,793,616 and finance cost of approximately HK$416,712 for the purpose of adjusting the profit before taxation.

8. Pursuant to the Subscription Agreement and Supplemental Agreement, Gold Track has conditionally agree to allot and issue 11,739 shares of Gold Track with par value of US$1 each on the actual date of Completion (representing approximately 54% of the enlarged share capital of Gold Track) to the Group in consideration of the Group capitalizing the loan of US$1,000,000 (and interest accrued thereon) due from Gold Track to the Group.

   The pro forma adjustment of approximately HK$7,800,000 represents the proceeds from capitalizing the loan of US$1,000,000 by Gold Track Group as if the Acquisition was completed on 31 March 2009.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Subscription were and will be as follows:

Authorised:		*HK$*
3,000,000,000	Shares	120,000,000
Issued and fully paid or credited as fully paid:		
832,110,000	Shares in issue as at the Latest Practicable Date	33,284,400

All the Shares in issue and to be issued (when fully paid) rank and will rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

As at the Latest Practicable Date, no share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

The Shares are listed on the Stock Exchange. No part of the share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the share or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

3. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chau Cheok Wa

Mr. Chau Cheok Wa, aged 35, was born in the Macao Special Administrative Region ("Macao") and is a Portuguese national. He received his education in Macao and has since then engaged in the business of operating and managing V.I.P. clubs, in which he has over ten years of experience, at the entertainment V.I.P. clubs at hotels in Macao. Under Mr. Chau's leadership, the number of entertainment V.I.P. clubs managed by Mr. Chau has soared from one to six in the last three years, five of which are at the five-star hotels in Macao including StarWorld Hotel Macau, Venetian Macao Resort Hotel, Grand Lisboa Macau and Wynn Macau (two V.I.P. clubs); and one of which is at the entertainment V.I.P. club of the world-renowned Walker Hill in Seoul, the capital of the South Korea.

Mr. Tang Hon Kwong

Mr. Tang Hon Kwong, aged 44, takes up the role as an administrative executive and possesses work experience exceeding ten years. Mr. Tang started his career in a law firm in Hong Kong in 1990 and has since then served in several different law firms. In 1996, he was awarded the Certificate in Legal Practice for Authorised Clerk by the City University of Hong Kong. In 1998, Mr. Tang was promoted to the administrative level of a law firm and while administering a law firm's businesses, Mr. Tang has been leading a team of more than thirty persons to provide clients, from Hong Kong, Mainland China and overseas, with professional consultations and solution packages relating to the Hong Kong law. Irrespective of the nature of the legal problems, which range from civil litigation, criminal litigation, matrimonial litigation, property conveyancing, contract drafting, probate, investment projects, enterprise financing, mergers, acquisitions and reorganization, capital financing to corporate legal matters, Mr. Tang and his team of staff were capable of delivering quality performance under his leadership.

Ms. Cheng Mei Ching

Ms. Cheng Mei Ching, aged 27, holds a bachelor's degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control. Ms. Cheng has taken up the management role as the director of a number of subsidiaries of the Company, namely Superb Kings Limited, Sun Entertainment Group Limited, Loyal King Investments Limited, Alliance Computer Services Limited, Alliance Computer Systems Limited and Global Well (H.K.) Limited, with a management focus on a broad spectrum of specialized businesses, which include online game development, computer programming development, advertising and design and model management.

Mr. Lee Chi Shing, Caesar

Mr. Lee Chi Shing, Caesar, aged 45, is experienced in corporate management and internal control. Mr. Lee is an executive Director and compliance officer of the Company. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He has worked in the Inland Revenue Department for over 15 years after his graduation. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners. Mr. Lee graduated from the Department of Accountancy of Hong Kong Polytechnic University in 1985. He later obtained a Master degree in International Accountancy in 2001.

Independent non-executive Directors

Mr. Fung Kwok Ki

Mr. Fung Kwok Ki, aged 47, is a practising solicitor in Hong Kong. He was admitted as solicitor in England and Wales and Hong Kong in 1998 and 1999 respectively. Mr. Fung has been practising law in various legal firms specialising in commercial litigation. Mr. Fung is now the senior partner of Fung & Fung Solicitors.

Mr. Poon Lai Yin Michael

Mr. Poon Lai Yin, Michael, aged 37, graduated with a bachelor's degree in administrative studies with York University in Canada and a master's degree in practising accounting with Monash University in Australia. He is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Formerly, Mr. Poon was the chief financial officer, qualified accountant, company secretary and an authorised representative of Sonavox International Holdings Limited ("Sonavox"), the shares of which are listed on GEM, from March 2002 to June 2008 during which he was responsible for financial reporting and monitoring the operations of the finance and accounting department. Mr. Poon has over ten years of experience in providing business advisory assurance, taxation and accounting services. Prior to joining Sonavox, Mr. Poon provided business advisory and assurance services to a number of listed companies.

Mr. Ng Tat Fai

Mr. Ng Tat Fai, aged 41, is a practising barrister. He graduated from the University of Hong Kong with an LLB and got the PCLL from the same. He was called to the Hong Kong Bar in 1994. Mr. Ng was appointed as independent non-executive director, member of audit committee and remuneration committee of the Company with effect from 29 December 2008. As at the Latest Practicable Date, Mr. Ng does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Senior management

Ms. Kan Miu Yee

Ms. Kan Miu Yee has been appointed as the qualified accountant of the Company with effect from 9 September 2008. Ms. Kan holds a Higher Diploma in Accountancy from the City University of Hong Kong and a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. Ms. Kan is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Ms. Kan has over 8 years' experience in the accounting and auditing field.

Mr. Chan Kim Fai, Eddie

Mr. Chan Kim Fai, Eddie has been appointed as the company secretary of the Company with effect from 9 September 2008. Mr. Chan holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. Mr. Chan is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Chan has over 15 years' experience in the accounting and auditing field.

4. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board. The audit committee comprises three independent non-executive Directors, namely, Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael and Mr. Ng Tat Fai. Mr. Poon Lai Yin, Michael was appointed as the chairman of the audit committee. The biographies of members of the audit committee are set out in the paragraph headed "DIRECTORS AND SENIOR MANAGEMENT" above.

5. DISCLOSURE OF INTERESTS

(a) Interests of the directors and chief executive of the Company

(1) Long positions in the shares of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheok Wa	Corporate *(Note 1)*	140,000,000	Interest of a controlled corporation	16.82%
Mr. Tang Hon Kwong	Personal	3,700,000	Beneficial owner	0.44%
Mr. Lee Chi Shing, Caesar	Personal	500,000	Beneficial owner	0.06%

Note:

1. These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Chau Cheok Wa, as to 45% by Mr. Cheng Ting Kong, and as to 10% by Mr. Lai Ting Kwong.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owners were granted share options to subscribe for Shares, details of which as at the Latest Practicable Date were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the period	Exercise price of share option	Exercise period from	Exercise period until	Number of share options outstanding as at 31 December 2008
				HK$			
Mr. Tang Han Kwong	19/8/2008	3,580,000	–	1.14	19/8/2008	18/8/2018	3,580,000
	27/8/2008	4,800,000	–	1.16	27/8/2008	26/8/2018	4,800,000
Mr. Lee Chi Shing, Caesar	19/8/2008	8,380,000	–	1.14	19/8/2008	18/8/2018	8,380,000

Note: The number of share options and exercise price have been adjusted for the share consolidation that became effective on 26 June 2008.

Save as disclosed above, none of the Directors or their respective associates was granted share options to subscribe for Shares, nor had exercised such rights as at the Latest Practicable Date.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following entity or person (not being a Director or chief executive of the Company) had, or was taken or deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares:

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Premier United Limited *(Note 1)*	Corporate	95,000,000	Beneficial owner	11.42%
Chan Ping Che *(Note 1)*	Corporate	95,000,000	Interest of a controlled corporation	11.42%
Lam Shiu May *(Note 1)*	Corporate	95,000,000	Interest of a controlled corporation	11.42%
First Cheer Holdings Limited *(Note 2)*	Corporate	140,000,000	Beneficial owner	16.82%
Cheng Ting Kong *(Note 2)*	Corporate	140,000,000	Interest of a controlled corporation	16.82%
Chau Cheok Wa *(Note 2)*	Corporate	140,000,000	Interest of a controlled corporation	16.82%

Notes:

1. Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May. Accordingly, both Mr. Chan Ping Che and Ms. Lam Shiu May are deemed under the SFO to be interested in the 95,000,000 shares beneficially owned by Premier United Limited.

2. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Cheng Ting Kong, as to 45% by Mr. Chau Cheok Wa and as to 10% by Mr. Lai Ting Kwong.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any entities or persons who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed above, the Company was not notified of any other relevant interests or short positions in the Shares or underlying Shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the controlling shareholders or substantial shareholders of the Company and their respective associates has an interest in a business, apart from the business of the Group, which competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Enlarged Group, were entered into by the Enlarged Group within the two years immediately preceding the Latest Practicable Date and are, or may be material:

(a) the placing agreement dated 20 August 2007 entered into among the Company, New Brilliant Investments Limited ("New Brilliant") and a placing agent, pursuant to which the placing agent has agreed, on a best effort basis, to procure purchasers to purchase, and New Brilliant has agreed to sell, up to 194,700,000 existing Shares, at the placing price of HK$0.275 per Share;

(b) the subscription agreement dated 20 August 2007 entered into between the Company and New Brilliant, pursuant to which New Brilliant has conditional agreed to subscribe for up to 194,700,000 new Shares at a price of HK$0.275 per Share;

(c) the placing agreement dated 15 October 2007 entered into between the Company and the placing agent, pursuant to which the placing agent has agreed, on a best effort basis, to place up to 80,000,000 Shares at the placing price of HK$1.58 per Share;

(d) the agreement dated 18 September 2007 entered into among the Group, First Cheer Holdings Limited and Mr. Cheng Ting Kong in relation to the acquisition of Loyal King Investments Limited at a total consideration of HK$194 million;

(e) the agreement dated 26 November 2007 and as supplemented by a supplemental agreement dated 10 December 2007 entered into between Galileo BVI and Mr. Yeung Hak Kan in relation to the acquisition of Superb Kings Limited ("Superb Kings") at a total consideration of HK$205 million;

(f) the tenancy agreement dated 4 October 2007 entered into between Superb Kings as tenant and First Cagayan Leisure and Resort Corporation as landlord pursuant to which First Cagayan Leisure and Resort Corporation has leased to Superb Kings the piece of land in Cagayan Valley of the Philippines for development of the prestigious and leisure resort (the "Prestigious and Leisure Resort");

(g) the construction agreements dated 25 September 2007 entered into between Superb Kings and CAMJ Construction, Inc for development of the facilities of the Prestigious and Leisure Resort;

(h) the agreement dated 2 February 2008 entered into between Superb Kings and Success Asia Pacific Company Limited pursuant to which 245 rooms of the Prestigious and Leisure Resort shall be reserved exclusively for Success Asia Pacific Company Limited for two years beginning from April 2008;

(i) the agreement dated 31 March 2008 entered into between Galileo BVI and the vendor for the extension of the long stop date of the acquisition of Superb Kings;

(j) the Loan Agreement;

(k) the Subscription Agreement;

(l) the Supplemental Agreement;

(m) the mining services agreement dated 9 April 2009 entered into between PT. Kapitalindo Management and PT. Tomico Resources, pursuant to which PT. Tomico Resources will provide mining services to PT. Kapitalindo Management during the period in which the Exploitation Licence is valid;

(n) the mineral sale agreement dated 9 April 2009 entered into between PT. Kapitalindo Management and PT. Tomico Resources, pursuant to which PT. Tomico Resources will procure the sale of the mineral resources of PT. Kapitalindo Management to potential buyers during the period in which the Exploitation Licence is valid;

(o) the loan agreement dated 9 April 2009 entered into between PT. Tomico Resources and the shareholders of PT. Kapitalindo Management, pursuant to which former will lend a sum of US$100,000 to the latter; and

(p) the share pledge agreement dated 9 April 2009 entered into between PT. Tomico Resources and the shareholders of PT. Kapitalindo Management, pursuant to which the latter will pledge all their shareholding in PT. Kapitalindo Management to the former as security for the loan borrowed under loan agreement mentioned in paragraph (o) above.

8. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any service contract with any member of the Enlarged Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

10. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

No contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2008, the date to which the latest published audited consolidated financial statements of the Enlarged Group were made.

11. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given an opinion or advice, which is contained or referred to in this circular:

Name	Qualifications
Andes Glacier & Co.	Certified Public Accountants
Grant Sherman	Independent valuer
Grand Cathay	A corporation licensed to conduct type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO
MUC P.T. Multi Utama Bisnis Solusi and KAWA, Law Office	Legal advisors of the Company as to Indonesian laws

(b) As at the Latest Practicable Date, each of the experts above did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of the experts above has given and has not withdrawn its written consents to the issue of this circular with the inclusion of its letters and reports and references to its name in the form and context in which it is included.

(d) Each of the experts above does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2008, the date to which the latest published audited financial statements of the Company were made.

12. GENERAL

(a) The secretary of the Company is Mr. Chan Kim Fai, Eddie whose qualification is detailed under the section headed "Directors and senior management" in this appendix.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business and the head office of the Company in Hong Kong is at 21st Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

(c) The share registrar and transfer office of the Company in the Cayman Islands is Butterfield Fund Services (Cayman) Limited, P.O. Box 705 GT, Butterfield House, 68 Fort Street, George Town, Grand Cayman, Cayman Islands. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The English text of this circular and the accompany form of proxy shall prevail over their respective Chinese text in case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of the Company at 21st Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong during normal office hours on any weekday, except Saturdays, Sundays and public holidays, from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two years ended 31 March 2007 and 31 March 2008;

(c) the unaudited financial results of the Company for the nine months ended 31 December 2008;

(d) the financial information of Gold Track Group, PT. Tomico Resources and PT. Kapitalindo Management as set out in Appendix II to this circular;

(e) the letter on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;

(f) the material contracts referred to in the section headed "Material contracts" in this appendix and any memorandum and contract referred to in this circular in accordance with Appendix 1B(42)(2)(c);

(g) the written consents referred to in the section headed "Experts and consents" in this appendix;

(h) this circular;

(i) the circular of the Company dated 10 April 2008 in relation to the acquisition of Superb Kings Limited at a total consideration of HK$205 million (which is contemplated under the agreement dated 26 November 2007 and as supplemented by a supplemental agreement dated 10 December 2007);

(j) the business valuation report of Gold Track as set out in Appendix IV to this circular; and

(k) the technical assessment report of the Mine.

Sun International Group Limited
太 陽 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8029)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Sun International Group Limited (the "**Company**") will be held at 22nd Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong on Friday, 10 July 2009 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**That**:

(a) the subscription agreement dated 8 October 2008 (the "**Subscription Agreement**") and the supplemental agreements (the "**Supplemental Agreements**") in relation thereto dated 23 October 2008 and 4 June 2009, all of which were entered into between (i) Gold Track Mining and Resources Limited (the "**Issuer**") as issuer and (ii) Galileo Capital Group (BVI) Limited (the "**Subscriber**") as subscriber in relation to the subscription of 11,749 new shares of the Issuer, representing approximately 54% of the entire enlarged issued share capital of the Issuer, a copy of the Subscription Agreement and a copy of each of the Supplemental Agreements have been produced to this meeting marked "A", "B" and "C" respectively (all were signed by the Chairman of the meeting for the purpose of identification), and the transactions contemplated by the Subscription Agreement and the Supplemental Agreements be and are hereby approved, confirmed and ratified; and

(b) the directors of the Company be and are hereby authorised to do all other acts and things and execute all documents which they consider necessary or expedient for the implementation of and giving effect to the Subscription Agreement, the Supplemental Agreements and the transactions contemplated thereunder."

By order of the Board
Sun International Group Limited
Chau Cheok Wa
Chairman

Hong Kong, 22 June 2009

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
21st Floor
The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

4. The memorandum and articles of association of the Company are written in English. There is no official Chinese translation in respect thereof. Should there be any discrepancy, the English version shall prevail.

5. Pursuant to the GEM Listing Rules, the voting on resolutions at the EGM will be conducted by way of poll.