THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF INDONESIAN MINING BUSINESS

Independent financial adviser to the independent board committee and the independent shareholders of the Company

大華證券(香港)有限公司
GRAND CATHAY SECURITIES (HONG KONG) LIMITED

A letter of advice from the independent financial adviser to the independent board committee and independent shareholders of the Company is set out on pages 21 to 35 of this circular. The recommendation of independent board committee to the independent shareholders of the Company is set out on page 20 of this circular. A notice convening an extraordinary general meeting of the Company (the "**EGM**") to be held at 22/F, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong on Friday, 19 February 2010 at 4:00 p.m. is set out on pages 362 to 363 of this circular.

A form of proxy for the extraordinary general meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy and return the same to Tricor Tengis Limited, the Company's branch share registrar in Hong Kong, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

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

19 January 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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 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 have the following meanings unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares and the Sale Loan from the Vendor by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 16 October 2009 entered into between the Vendor and the Purchaser in relation to the Acquisition
"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 Acquisition in accordance with the Acquisition Agreement
"Consideration"	the consideration in the aggregate sum of HK$76.5 million for the Acquisition
"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 Acquisition Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Target Group

"Exploitation Licence"	the exploitation licence granted by the relevant Indonesian governmental authorities to P.T. Multi for exploiting, mining the Mineral Resources in the Mine, which is valid until October 2015
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Grand Cathay" or "IFA"	A licensed corporation for type 1 (dealing in securities), type 6 (advising on corporate finance), type 9 (asset management) regulated activities under the SFO, which is appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the Acquisition Agreement and the transactions contemplated thereunder
"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 all the independent non-executive Directors formed to advise the Independent Shareholders in respect of the Acquisition
"Independent Shareholder(s)"	Shareholders other than Mr. Cheng Ting Kong, Mr. Chan Ping Che and their respective associates
"Indonesia"	the Republic of Indonesia
"Latest Practicable Date"	15 January 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Mine"	the mine area containing iron resources located in Padang, Sumatra, Indonesia with an aggregate mining area of 44.38 hectares
"Mineral Resources"	the mineral resources extracted from the Mine, mainly consisting of iron

"Promissory Note"	the promissory note in the principal sum of HK$71,500,000 with an interest of 0% per annum which is due 12 months after Completion, to be issued by the Company to the Vendor as part consideration for the Acquisition
"P.T. ACME"	P.T. ACME Mining and Resources, a company incorporated in the Indonesia with limited liability, which is currently a 95%-owned subsidiary of the Target Company
"P.T. Multi"	P.T. Multi Mineral Magnetic, a company incorporated in the Indonesia with limited liability, which is currently holding the exploration licence of the Mine and the Exploitation Licence
"Purchaser"	Galileo Capital Group (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"Sale Loan"	all the debts, obligations and liabilities owed from the Target Company to the Vendor as at Completion
"Sale Shares"	5,400 issued shares of US$1 each in the capital of the Target Company currently owned by the Vendor, being 54% of its entire issued share capital
"SFO"	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
"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
"Target Company"	Gold Track Coal and Mining Limited, a company incorporated in the BVI with limited liability, which is beneficially owned as to 68% by the Vendor and as to 32% by Mr. Chan Ping Che as at the Latest Practicable Date

"Target Group"	collectively the Target Company, P.T. ACME and P.T. Multi, and each a "**member of the Target Group**"
"Vendor"	Gold Track Holdings Inc., a company incorporated in the BVI with limited liability whose issued share capital 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), thus being a connected person
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IDR"	Indonesian Rupiah, the lawful currency of Indonesia
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

For the purpose of this document, HK$1 can be converted into IDR1,239 approximately.

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
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

Head office and principal place of business in Hong Kong:
21st Floor
The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

19 January 2010

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF INDONESIAN MINING BUSINESS**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2009 in relation to the Acquisition. On 16 October 2009, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan from the Vendor at a total consideration of HK$76.5 million, which will be satisfied upon Completion (i) as to HK$5 million in cash; and (ii) as to HK$71.5 million by the Purchaser by procuring the Company to issue the Promissory Note.

The purposes of this circular are, among others, (i) to provide you with further information relating to the Acquisition and the Acquisition Agreement; (ii) to set out the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) to set out the recommendation from Grand Cathay to the Independent Board Committee and the Independent Shareholders; (iv) to provide the financial information of the Target Group, the valuation report of the Target Company and the technical report of the Mine; and (v) to give you the notice of EGM.

ACQUISITION AGREEMENT

Date: 16 October 2009

Parties: Purchaser: Galileo Capital Group (BVI) Limited

Vendor: Gold Track Holdings Inc.

The Vendor is an investment holding company. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is beneficially owned as to 55% by Ms. Yeung So Lai, and as to 45% by Plexton Investments Inc. Plexton Investments Inc. and its ultimate beneficial owners are third parties independent of the Company and its connected persons, while Ms. Yeung So Lai is the sister-in-law of Mr. Cheng Ting Kong (a substantial shareholder of the Company beneficially interested in 140,000,000 Shares (representing approximately 16.82% of the entire issued Shares) as at the Latest Practicable Date) and is therefore a connected person of the Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares (being 5,400 issued shares of the Target Company, representing approximately 54% of its entire issued share capital) and the Sale Loan (being all the debts, obligations and liabilities owed by the Target Company to the Vendor as at Completion, representing 50% of the debts owed by the Target Company to its shareholders as at the Latest Practicable Date).

The Vendor subscribed the Sale Shares at the incorporation of the Target Company at the cost of US$5,400 (which is equivalent to the paid-up share capital of the Sale Shares at par value), and has held the Sale Shares up to the Latest Practicable Date. The Sale Loan was lent to the Company by the Vendor at its face value.

Consideration

The Consideration is HK$76.5 million, which will be satisfied by the Purchaser in the following manner:

(i) as to HK$5 million shall be paid by the Purchaser in cash to the Vendor upon Completion; and

(ii) as to HK$71.5 million shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note upon Completion.

The Consideration was arrived at after arm's length negotiations between the parties to the Acquisition Agreement after taking into account, among others, the business prospects of the Target Group, the possible contribution to the Group from the proceeds generated from exploitation of the Mineral Resources at the Mine, the potentially growing demand for iron resources in the future, and the synergetic effect brought on the current Indonesian mining business of the Group after the completion of the Acquisition.

Conditions

Completion is subject to the following conditions precedent:

(i) the Purchaser being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group and the Mine;

(ii) all necessary consents, authorizations and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the Acquisition 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 Acquisition Agreement and the transactions contemplated thereunder;

(iv) the obtaining of a Indonesian legal opinion (in form and substance satisfactory to the Purchaser) issued by a firm of Indonesian lawyers appointed by the Purchaser in relation to the transactions contemplated under the Acquisition Agreement;

(v) the warranties provided by the Vendor under the Acquisition Agreement remaining true and accurate in all respects;

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

(vii) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) in relation to the Mine and/or the Target Group prepared by an independent valuer appointed by the Purchaser, indicating that the value of the Mine and/or the Target Group will not be less than the consideration to be paid by the Purchaser under the Acquisition Agreement;

(viii) P.T. ACME having entered into the mining services agreement with P.T. Multi, under which P.T. ACME will provide mining and exploration and other related services to P.T. Multi, such mining services agreement shall be in form and substance satisfactory to the Purchaser;

(ix) P.T. ACME having entered into the mineral sale agreement with P.T. Multi, under which P.T. ACME will procure buyers for the iron resources exploited from the Mine, such mineral sale agreement shall be in form and substance satisfactory to the Purchaser;

(x) the current Indonesian shareholders of P.T. Multi having entered into a loan agreement (under which a certain sum will be borrowed by such Indonesian shareholders) with P.T. ACME, and a share charge for charging all the shares of P.T. Multi they hold in favour of P.T. ACME, such loan agreement and share charge shall be in form and substance satisfactory to the Purchaser; and

(xi) the current Indonesian shareholders of P.T. Multi having entered into an option deed (in form an substance satisfactory to the Purchaser) with P.T. ACME, pursuant to which P.T. ACME is granted a call option to purchase all the issued share capital of P.T. Multi held by the current Indonesian shareholders of P.T. Multi, if a foreign-owned company is permitted to directly own the entire issued shares capital of P.T. Multi under the Indonesian laws.

If the above conditions precedent have not been satisfied, or waived by the Purchaser in respect of conditions precedent (i) and (v), before 12 noon on 31 March 2010, the Acquisition 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 Acquisition Agreement.

For the avoidance of doubt, conditions (ii), (iii), (iv), (vi), (vii), (viii), (ix), (x) and (xi) are not waivable by the Purchaser. As at the Latest Practicable Date, save for conditions (iv), (vi), (vii), (viii) and (ix), none of the conditions above has been fulfilled.

Some of the major conditions precedent are further discussed below:

Mining services agreement

As mentioned in condition (viii) above, Completion is conditional upon P.T. ACME having entered into the mining services agreements with P.T. Multi, under which P.T. ACME will provide mining and exploration and other related services to P.T. Multi. Such agreement will be valid throughout the term of the Exploitation Licence granted to P.T. Multi.

Mineral sale agreement

As mentioned in condition (ix) above, Completion is conditional upon P.T. ACME having entered into the mineral sales agreement with P.T. Multi, under which P.T. ACME will procure buyers for the iron resources exploited from the Mine. Such agreement will be valid throughout the term of the Exploitation Licence granted to P.T. Multi. It is intended that P.T. ACME will procure international buyers of the iron resources.

Loan agreement and share pledge

As mentioned in condition (x) above, Completion is conditional upon the current Indonesian shareholders of P.T. Multi having entered into a loan agreement (under which a certain sum will be borrowed by such Indonesian shareholders) with P.T. ACME. The exact sum is US$2,907,500. It is intended that the loan is for a term of 5 years or the valid period of the Exploitation Licence, whichever is shorter. Unless consent is given by P.T. ACME, 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.

In return, the Indonesian shareholders of P.T. Multi will provide a security for such loan, by pledging all the shares in P.T. Multi to P.T. ACME. 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, such share pledge arrangement shall be legal, valid and in compliance with the existing Indonesian laws, rules and regulations. As the shares of P.T. Multi are pledged to P.T. ACME under the share charges, P.T. ACME will have an indirect equitable or beneficial interest in the entire issues shares of P.T. Multi under Indonesian laws.

Indonesian legal opinion

As mentioned in condition (iv) above, Completion is conditional upon obtaining a satisfactory legal opinion issued by an Indonesian lawyer in relation to the Acquisition Agreement and the transactions contemplated thereunder. As stated in the finalized Indonesian legal opinion obtained by the Group before the Latest Practicable Date, due to the restrictions of the Indonesian laws, foreign entities are not permitted to directly hold any interest in P.T. Multi, the Indonesian company which holds the Exploitation Licence. As such, the mining services agreement, mineral sales agreement are entered into so as to enable the Group (as enlarged by the Target Company and P.T. ACME) can obtain revenue by providing advisory services to P.T. Multi on mining operations, while the loan agreement and the share pledge are entered into so as to provide funding for P.T. Multi for its daily operations and to consolidate the results of P.T. Multi into the Company's financial statements. The finalized Indonesian legal opinion has also covered the legality and validity of the loan agreement and share pledge to be signed by the Indonesian shareholders of P.T. Multi, the mineral sale agreement and the mining services agreement. In particular, the Indonesian legal advisers to the Company has opined that the loan agreement and the share pledge, as well as the mineral sale agreement and the mining services agreement are made in compliance with Indonesian laws, rules and regulations, and so they are legal and valid. Such Indonesian legal opinion has also covered the validlity and legality of the exploration licence, the Exploitation Licence and the mineral resources export licence held by P.T. Multi, as well as some basic corporate information of the Indonesian companies of the Target Group (including but not limited to the issues on due incorporation, the current composition of the board, the powers of the company, the contents of the memorandum and articles of association).

Option deed

As mentioned in condition (xi) above, Completion is conditional upon the current Indonesian shareholders of P.T. Multi having entered into an option deed with P.T. ACME. Under this deed, the current shareholders of P.T. Multi will grant a call option to P.T. ACME, pursuant to which P.T. ACME could purchase all the issued shares in P.T. Multi, if there is a change of Indonesian laws to the effect that foreign-owned companies can directly hold the entire beneficial interest of an Indonesian company which holds an exploitation licence for an iron mine.

Completion

Completion shall take place on any date falling within the fifth Business Day after the fulfillment (or waiver) of the conditions precedent referred to above, or such later date as the parties to the Acquisition Agreement may agree.

Terms of the Promissory Note

The principal terms of the Promissory Note to be issued by the Company upon Completion will be as follows:

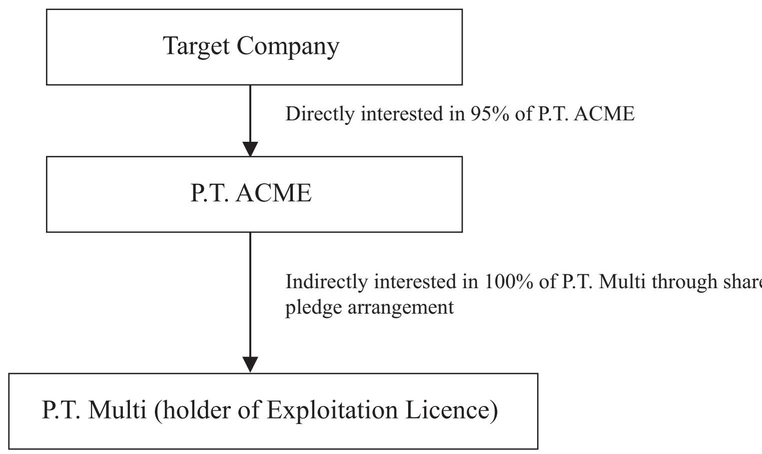
Principal amount	HK$71,500,000
Maturity Date	12 months from the date of Completion
Interest rate per annum	0%
Security	Unsecured

The Company may, by giving 5 Business Day's notice, redeem any or part of the Promissory Note (in amounts of not less than HK$0.5 million), at any time after the date of issue of the Promissory Note. Subject to the foregoing, the principal amount of the Promissory Note outstanding on the Maturity Date shall be repayable in one lump sum on the Maturity Date.

INFORMATION OF THE TARGET COMPANY

Shareholding structure of the Target Group

The following chart sets out the shareholding structure of the Target Group after completion of the Acquisition:



Target Company

The Target Company is incorporated in the BVI in May 2008 with limited liability and whose entire issued share capital is beneficially owned as to 68% by the Vendor and as to 32% by Mr. Chan Ping Che (who is beneficially holding 50% of Premier United Limited, which in turn is holding 95,000,000 Shares, representing approximately 11.42% of the issued Shares) as at the Latest Practicable Date. The Target Company is principally engaged in investments holding. The Target Company is currently indebted (i) to the Vendor in the sum of HK$19,500,000 and (ii) to Mr. Chan Ping Che in the sum of HK$19,500,000 as at the Latest Practicable Date. The indebtedness owed to the Vendor (i.e. the Sale Loan) will be assigned to the Purchaser upon Completion.

The audited net liabilities value of the Target Company as at 30 September 2009 was approximately HK$1,170,000.

P.T. ACME

P.T. ACME is a company incorporated in Indonesia in February 2009 with limited liability and whose entire issued share capital is owned as to 95% by the Target Company and as to 5% by P.T. Fredin Indonesia (each of it and its beneficial owners is an independent third party not connected with the Company or its connected persons) as at the Latest Practicable Date. It will be principally engaged in provision of mining services and mineral sale services after entering into the mineral sales agreement and the mining services agreement with P.T. Multi. The Group has the relevant experience in mining and exploitation, as it has already conducted such activities after completion of the acquisition of another Indonesian mining operations in July 2009. After Completion, the Group will provide personnel, management assistance for P.T. ACME so that P.T. ACME can provide mining services and mineral sales services to P.T. Multi.

The audited net assets of P.T. ACME as at 30 September 2009 were approximately HK$1,645,000.

P.T. Multi

P.T. Multi is a company incorporated in Indonesia on 30 June 2004 with limited liability and whose entire issued share capital is beneficially owned as to 50% by P.T. Setia Kawan Minerals and as to 50% by P.T. Guna Mitra Jasa as at the Latest Practicable Date. After completion of the Acquisition, the entire issued share capital of each of P.T. Multi will be wholly beneficially owned by P.T. ACME as a result of the share pledges executed in favour of P.T. ACME. P.T. Multi has obtained (i) the relevant governmental exploration licence for locating and discovering the natural resources in or around the nearby area of the Mine, (ii) the Exploitation Licence for mining the iron resources contained in the Mine and (iii) the mineral resources export licence for exporting the minerals exploited in the Mine to other countries. P.T. Multi is principally engaged in mining of iron ore resources and sale of mineral properties. It is not expected by the Board that there will be any change of management of P.T. Multi as a result of the share pledge arrangement or after Completion. As P.T. Multi has already obtained the Exploitation Licence, it will be principally engaged in mining and exploitation of mineral resources, instead of exploration. P.T. Multi has been carrying works to clear up the mining site and building certain basic infrastructure so as to ensure that the mining activities can be carried out smoothly in future. The Company confirms that there will not be any "exploration" of assets in the Mine, and the Target Group will be principally engaged in "exploitation".

The audited net liabilities value of P.T. Multi as at 30 September 2009 was approximately HK$$3,400,000.

As the Target Company and P.T. ACME are principally engaged in investment holding since their incorporation in May 2008 and February 2009 respectively, they have no substantial operations and therefore have not recorded any turnover or profits since incorporation. For P.T. Multi, it mainly focused on carrying out exploration works and preliminary works for ensuring smooth mining operations in the past two financial years. As such, it has not recorded any turnover. The audited financial results of the P.T. Multi for the past two financial years are as follows:

	For the year ended 31 December 2007 (audited)	**For the year ended 31 December 2008** (audited)
Turnover	HK$0	HK$0
Losses before tax	about HK$1,298,000	about HK$1,501,000
Losses after tax	about HK$1,298,000	about HK$1,501,000

Upon Completion, the Target Company will be beneficially owned as to 54% by the Purchaser, 14% by the Vendor and 32% by Mr. Chan Ping Che. As the Company will be beneficially interested in approximately 51% of the equity interest of each of P.T. ACME, and P.T. Multi, all members of the Target Group will be subsidiaries of the Company and their financial results will be consolidated into the financial statements of the Company after Completion.

According to the valuation provided by the independent professional valuer (details of which is included in the appendix V to this circular), the value of 100% interest in the Target Company as at 30 September 2009 was estimated to be HK$310 million.

INFORMATION ON THE MINE

The Mine is located in Padang, Sumatra, Indonesia with an aggregate mining area of 44.38 hectares. Its major mineral resources are iron.

According to the feasibility report issued by an affiliated company of the Vendor, the amount of iron resources present in the Mine is estimated to be approximately 6.417 million tonnes, 3.067 million tonnes out of which is classified as grade “332” and 3.350 million tones out of which is classified as grade “333” according to Australasian JORC Code. Grade “332” resources are indicated resources but having intrinsic economic interest based on a geographical study. Grade “333” resources are inferred resources but having intrinsic economic interest and reasonable prospect for exploitation. The Group has prepared a more in-depth technical report and include the same in the appendix IV to this circular for Shareholders’ information.

P.T. Multi has already obtained the Exploiation Licence, pursuant to which P.T. Multi can exploit the iron resources at the Mine. Details of the Exploitation Licence are as follows:

Holder of the exploitation licence	Mining area (hectares)	Expiry date
P.T. Multi	44.38	30 October 2015 (which is subject to extension)

REASONS FOR THE ACQUISITION

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

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 high in the foreseeable future with regard to the signs of the gradual recovery of the global economy, it is expected that the price of iron will rise. The production capacity of the Target Group will be likely to increase gradually after commencement of operations, it is expected that the profit margin will increase due to the economy of scale. Moreover, as expenses have been incurred for building certain basic infrastructure for the mining operations and obtaining the Exploitation Licence, the expenditure of the Target Group is not expected to substantially increase. Therefore, the Acquisition will enable the Company to participate in a potentially profitable business.

In July 2009, the Group has completed its first acquisition of a mining business in Indonesia. The Group will in future focus on developing the mining business in Indonesia. It is expected that a synergy effect can be created by the Acquisition, as the Group has already put in substantial resources in this business in Indonesia. After review of the technical report on the Mine, the Board considers that the iron resources of the Mine will be commercially viable to be exploited.

Taking into account of the market potentials of the businesses of the Target Group, the possible earnings contribution of the Target Group to the Group in the future, and the synergy effect, the Directors consider that the Acquisition can broaden the Group's income base and improve its financial performance. However, the Group will continue its current business after Completion.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Acquisition constitutes a major transaction 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, the Vendor 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 Vendor is therefore regarded as a connected person of the Company and the Acquisition is regarded as a connected transaction under Chapter 20 of the GEM Listing Rules.

FINANCIAL EFFECT OF THE TRANSACTION

Upon Completion, each member of the Target Group will become indirect wholly-owned subsidiaries of the Company and its accounts will be consolidated into the Group. The Group had an unaudited net assets value of approximately HK$1,091 million as at 30 September 2009. According to the unaudited pro forma consolidated balance sheet of the Enlarged Group as disclosed in the appendix III to this circular, assuming the Acquisition took place on 30 September 2009, the total assets of the Group will increase to approximately HK$1,619 million, while the total liabilities of the Group will increase as well to approximately HK$294 million. Given the prospects of the Target Group and the Target Group has already incurred preliminary expenses for mining operations, it is expected that the earnings of the Group will increase.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Regarding the provision of computer system and related services in relation to the computer software solution and services, hotel service, mining and others, the Board is of the view that the performance is promising and it will greatly improve the Group's financial position. For the current financial year, the international financial market was still seriously affected by the financial crisis due to the United States home loan market. Though the global financial tsunami had caused an adverse effect on consumer spending and investment atmosphere, it seems that the economy of Hong Kong is recovering. 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.

The operation of the resort hotel in Cagayan, the Philippines is very stable now and it gives a reasonable return to the Group in the current financial year. The Board 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.

Concerning the mining business in Indonesia, the Board considers that Indonesia has abundant resources to be discovered and explored. After the acquisition of Gold Track Mining and Resources Limited, the Board considers that it has obtained the experience and knowledge in discovery of the natural resources.

Under the present condition of the investment environment, the Board will pay more attention to projects which can generate stable income to the Group. The Board currently considers that it will focus on the development on the mining business in Indonesia, as the prospect is the most promising among all business segments. The Group will continue to look for investment opportunities in Indonesian mining business. If suitable opportunities arise, the Board may consider disposing some other assets so as to reallocate its resources for development of the mining business. As at the Latest Practicable Date, the Company has not identified any new acquisition opportunities and has not developed any acquisition plans. The Board also expects that transfer of listing from GEM to Main Board in coming future while the company has fulfilled all the conditions.

FINANCIAL AND TRADING PROSPECTS OF THE TARGET GROUP

Indonesia is exceptionally rich in mining resources and the government's policy of opening the market is favourable to foreign developers. In addition, the low production cost, low operation expenditure and cheap labour further facilitates the mining operation. All of them are advantageous to the future development of Target Group. Given the demand for iron is likely to increase due to the needs of the developing countries, the Target Group should be able to benefit from both low costs and higher selling prices.

The Target Group's ore bed is directly exposed on the ground surface which allows an easy, efficient and effective exploitation work. There is an established transportation network including a highway which makes it easy to transport iron ore from the Target Group's mining area to the port. The port is about 92km away from the Target Group's iron mine. The low transportation cost is definitely an advantage for the mining operation. The Directors are optimistic about the profitability of the Target Group. It is expected that the Target Group will be able to contribute profits to the Group in the foreseeable future.

Furthermore, P.T. Multi has also obtained the exploitation permit for a neighboring iron mine in August 2004. However, the potential resources of this neighboring iron mine is not yet determined and it is currently considered to be of no economic value by the Directors. The Group will not develop and exploit such neighboring mine. Also, the exploitation permit for such mine will soon expire in October 2010 and the Group will not apply for renewal of such permit.

The Directors note that the reporting accountants have issued a modified opinion regarding the uncertainty relating to the Target Company and P.T. Multi as a going concern (details of which is included in appendix II to this circular). During the financial year ended 31 March 2009 and the six-month period ended 30 September 2009, the Target Group funded its operations mainly from cash advanced by shareholders and related companies. Nonetheless, the Directors are confident that the Target Group will soon commence operations and generate financial resources to meet its obligations and liabilities. Based on the financial forecast made by the Company for preparation of the valuation report attached in appendix V hereto (which have been reviewed by the Board and the reporting accountants), the net profit for P.T. ACME and P.T. Multi for the year ended 31 December 2010 is HK$171,461,000 and HK$25,354,000 respectively. In addition, the shareholders of the Target Group have expressed their intention to continue their financial support to the Target Group and not to request repayment of the amount due to them until such time as the Target Group is in position to repay the amount without impairing its financial position/trading capabilities. The Company intends to give continuous financial support to the Target Group after completion of acquisition.

Moreover, the Directors consider that the financial statements of the Company will not be qualified due to the going concern problem after the completion of the proposed Acquisition because the net liabilities of Target Group is immaterial compared to the unaudited consolidated net assets of the Company of HK$1,091,124,360 as at 30 September 2009.

RISK FACTORS

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

Continuous capital investment

The mining business requires significant and continuous capital investment. The mine exploitation 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. The Company has currently planned to incur approximately HK$2,100,000 in aggregate for developing the business of the Mine and the Target Group for the years 2009 and 2010. Such funds will be applied for purchase of necessary machinery for mining. Afterwards, it is expected that no more capital expenditure will be incurred for the Mine and the Target Group.

Share Pledge Arrangements

Although the Indonesian legal adviser opines that the share pledge arrangements of PT. ACME for controlling PT Multi (which is the main operating company and the company holding the exploitation license) are not contrary to current Indonesian laws and regulations and the Board considers that such share pledge arrangements are common for investing in restricted industries in various countries like PRC and Indonesia, there can be no assurance that (i) these contractual arrangements will be accepted by the relevant Indonesian government authorities or courts to be valid and legal in case there are disputes arising with the government or others; or (ii) that the Indonesian government authorities will not in the future interpret existing laws, regulations or policies, or issue new laws, regulations or policies, with the result that all or some of these share pledge arrangements would be deemed to be in violation of Indonesian laws. Any such determination that these contractual arrangements are not in compliance with Indonesian laws, regulations, rules or policies, or any new interpretations or newly issued laws, regulations, rules or policies could result in the Group being required to restructure its organizational structure and operations and, thus, may result in disruption of our business, diversion of management attention and the incurrence of substantial costs.

Policies and regulations

The new business is subject to extensive local 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 the local 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. For example, the Company will be subject to Indonesian national environmental laws and regulations on matters such as air emission, solid waste emission, discharge of sewage and pollutants, noise pollution, land reclamation and mining control. The mining company will be required to obtain and procure the obtaining of all the material environmental licenses, permits or approvals which are relevant to its business operations under the Indonesia laws. The mining company must also conduct reclamation, which is an activity performed with objective to restore or repair the disrupted area caused by mining activity to enable such area into its original usage plan. This activity is performed after the mine closure. To ensure such reclamation activity will be done, the mining company is obliged to provide a guarantee of reclamation as approved by relevant government officials.

EGM

Set out on pages 362 to 363 of this circular is a notice convening the EGM which will be held at 22/F, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong at 4 p.m. on Friday, 19 February 2010 at which resolutions will be proposed to approve, among others, the Acquisition Agreement and the transactions contemplated thereunder.

Independent Shareholders' approval is required for the Acquisition Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, though the Vendor is not holding any Shares, Mr. Cheng Ting Kong and his associates are beneficially interested in 140,000,000 Shares (representing approximately 16.82% of the entire issued Shares). Moreover, the Target Company is currently beneficially owned as to 68% by the Vendor and 32% by Mr. Chan Ping Che (who is beneficially interested in 50% of Premier United Limited, which in turn is holding 95,000,000 Shares, representing approximately 11.42% of the entire issued Shares) as at the Latest Practicable Date. Upon Completion, Mr. Chan Ping Che will still be beneficially interested in 32% of the Target Company. As such, Mr. Cheng Ting Kong and Mr. Chan Ping Che have a material interest in the Acquisition, each of them and their respective associates are required to abstain from the voting at the EGM on the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder. For the avoidance of doubt, save for being Shareholders of the Company at the same time, Mr. Chan Ping Che has no relationship with Mr. Cheng Ting Kong. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Chan Ping Che, Mr. Cheng Ting Kong and their respective associates; and (ii) no obligation or entitlement of each of Mr. Chan Ping Che, Mr. Cheng Ting Kong and their respective associates as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the form of proxy and return the same to Tricor Tengis Limited, the Company's branch share registrar in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 20 of this circular. The Independent Board Committee, having taken into account the advice of the Grand Cathay, the text of which is set out on pages 21 to 35 of this circular, considers that the Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties thereto and that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

Yours faithfully
By order of the board of Directors of
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)

19 January 2010

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF INDONESIAN MINING BUSINESS**

We refer to the circular dated 19 January 2010 issued by the Company (the "Circular"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Acquisition Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition, and to recommend how the Independent Shareholders should vote at the EGM. Grand Cathay has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. We wish to draw your attention to the letter from the Board, as set out on pages 5 to 19 of the Circular, and the letter from Grand Cathay to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Acquisition, as set out on pages 21 to 35 of the Circular.

Having taken into account of the advice of Grand Cathay, we consider that the Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties thereto, and that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee

Fung Kwok Ki	**Poon Lai Yin Michael**	**Ng Tat Fai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the letter of advice from Grand Cathay to the Independent Board Committee and the Independent Shareholders prepared for the purpose of 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

19 January 2010

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF INDONESIAN MINING BUSINESS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders with regard to the Acquisition Agreement, details of which are set out in the section headed "Letter from the Board" (the "Letter") in the Company's circular dated 19 January 2010 (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 16 October 2009, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan from the Vendor at a total consideration of HK$76.5 million, which will be satisfied upon Completion (i) as to HK$5 million in cash; and (ii) as to HK$71.5 million by the Purchaser by procuring the Company to issue the Promissory Note.

The Acquisition constitutes a major transaction 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, the Vendor 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 Vendor is therefore regarded as a connected person of the Company and the Acquisition is regarded as a connected transaction under Chapter 20 of the GEM Listing Rules.

Independent Shareholders' approval is required for the Acquisition Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, though the Vendor is not holding any Shares, Mr. Cheng Ting Kong and his associates are beneficially interested in 140,000,000 Shares (representing approximately 16.82% of the entire issued Shares). Moreover, the Target Company is currently beneficially owned as to 68% by the Vendor and 32% by Mr. Chan Ping Che (who is beneficially interested in 50% of Premier United Limited, which in turn is holding 95,000,000 Shares, representing approximately 11.42% of the entire issued Shares) as at the Latest Practicable Date. Upon Completion, Mr. Chan Ping Che will still be beneficially interested in 32% of the Target Company. As such, Mr. Cheng Ting Kong and Mr. Chan Ping Che have a material interest in the Acquisition, each of them and their respective associates are required to abstain from the voting at the EGM on the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder.

Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael 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 Acquisition 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 Target 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 Acquisition Agreement and the relevant legalities of the mining services agreement ("Mining Services Agreement") and mineral sale agreement ("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 Acquisition Agreement, Mining Service Agreement and 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 Acquisition Agreement, Mining Service Agreement and 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 Acquisition. 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 Acquisition Agreement, we have considered the following principal factors and reasons:

(1) Financial performance of the Group, reason for the Acquisition 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, providing computer hardware and software services, operating hotel business in the Philippines, as well as minerals mining in Indonesia. In July 2009, the Group has completed its first acquisition of a mining business in Indonesia ("Previous Acquisition"). The details of the Previous Acquisition were set out in the Company's announcements dated 5 September 2008 and 31 October 2008 and the Company's circular dated 22 June 2009.

Set out below is a summary of the audited financial information of the Group for the three years ended 31 March 2009 and the unaudited consolidated income statement of the Group for the six months ended 30 September 2009 and 2008 which extracted from the relevant annual reports and the interim reports of the Company respectively.

	For the six months ended 30 September		For the year ended 31 March		
	2009	**2008**	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*
Turnover (Continuing operations)	88,587,0897	97,305,276	181,843,565	40,422,046	923,000
Gross profit (Continuing operations)	59,221,534	75,648,586	152,349,289	33,554,555	853,318
Net profit/(loss) attributable to equity holders of the Company	203,476,516	21,289,555	30,086,197	2,386,359	(6,511,635)

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

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$181.8 million, representing an increase of approximately 350% when compared to the turnover of approximately HK$40.4 million in 2008. The increase was mainly due to the revenue generated from the computer programming business and hotel business, of which were acquired in 2008 and their results were included in the financial year of 2009. Accordingly, the profit attributable to the Shareholders has increased from profit of approximately HK$2.4 million in 2008 to profit of approximately HK$30.1 million in 2009.

As stated in the interim report of the Company for the six months ended 30 September 2009 (the "2009 Interim Report"), the Group recorded a turnover of approximately HK$88.6 million for the six month ended 30 September 2009, representing a decrease of 9% when compared to that in the corresponding period in 2008. However, the net profit attributable to equity holders of the Company for the six months ended 30 September 2009 was approximately HK$203.2 million, representing an increase of approximately HK$181.9 million or approximately 848% as compared to that of the corresponding period in 2008. According to the 2009 Interim Report, the substantial increase in the profit figure was mainly due to the gain in bargain purchase as result of the Previous Acquisition.

Reason for the Acquisition

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.

As stated in the Letter, the Board considers that the demand for iron is high in the foreseeable future with regard to the signs of the gradual recovery of the global economy. Based on the technical report set out in the Appendix IV to the Circular, the Board considers that the iron resources of the Mine will be commercially viable to be exploited.

In July 2009, the Group has completed the Previous Acquisition which involves the iron mining business in Indonesia. The Directors consider that a synergy effect can be created by the Acquisition as the Group has already put in substantial resource in the iron mining business in Indonesia. As expenses have been incurred for building certain basic infrastructure for the mining operations and obtaining the Exploitation Licence, the expenditure of the Target Group is not expected to substantially increase.

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

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 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 in year 2009, with an annual growth of 38% when compared with previous year. Based on a publication named "China industry research and investment analysis: Iron ore mining industry 2008", China consumes over 50% of the iron ore production in China, so China's iron ore production have not been able to meet domestic demand and it needs to import iron ore form 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 an independent review on the demand of iron in China. Based on our research from China Customs, China imported a total amount of HK$190.9 billions of iron and steel in 2008, representing an increase of 6.34% from 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.

As advised by the Directors, the target customers of the Target Group will be mainly from the PRC. As such, the Directors consider that the high demand for iron in the PRC will also be beneficial to the development and operation of the Target Group even though the Mine is located in the Indonesia.

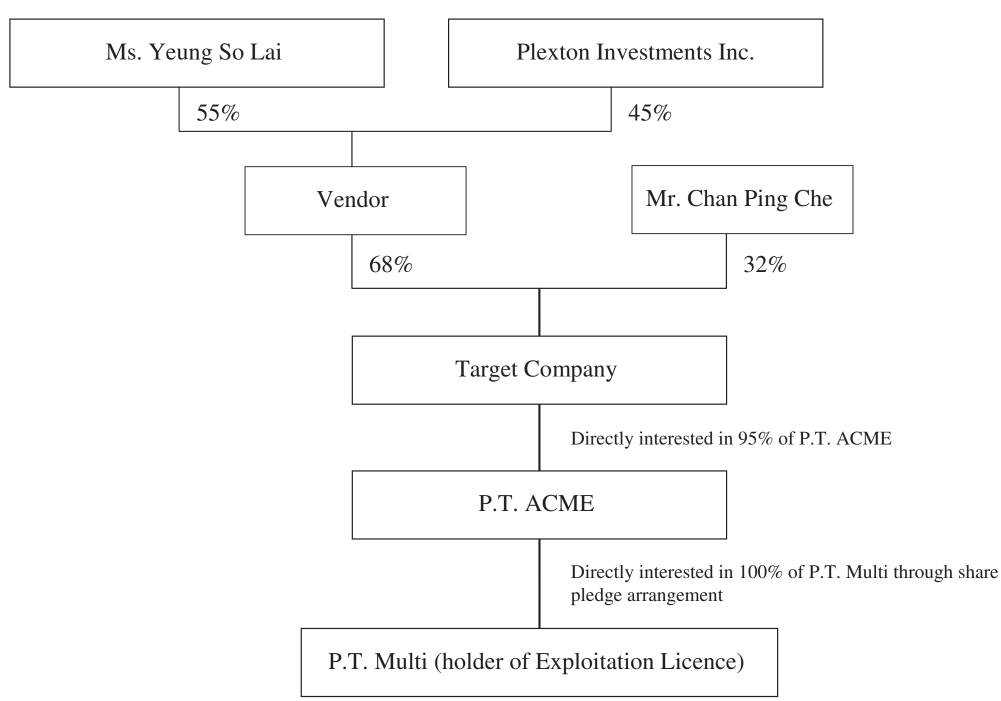
Conclusion

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

(2) The key terms of the Acquisition Agreement

Pursuant to the Acquisition Agreement, the Vendor has conditionally agreed to sell and Purchaser has conditionally agreed to purchase the Sale Shares (being 5,400 issued shares of the Target Company, representing approximately 54% of its entire issued share capital) and the Sale Loan (being all the debts, obligations and liabilities owed by the Target Company to the Vendor as at Completion, representing 50% of the debts owed by the Target Company to its shareholders as at the Latest Practicable Date).

Current shareholding structure of the Target Group



Target Company

The Target Company is incorporated in the BVI in May 2008 with limited liability and whose entire issued share capital is beneficially owned as to 68% by the Vendor and as to 32% by Mr. Chan Ping Che (who is beneficially holding 50% of Premier United Limited, which in turn is holding 95,000,000 Shares, representing approximately 11.42% of the issued Shares) as at the Latest Practicable Date.

The Target Company is principally engaged in investments holding. The Target Company is currently indebted (i) to the Vendor in the sum of HK$19.5 million and (ii) to Mr. Chan Ping Che in the sum of HK$19.5 million as at the Latest Practicable Date. The indebtedness owed to the Vendor (i.e. the Sale Loan) will be assigned to the Purchaser upon Completion.

Upon Completion, each member of the Target Group will become indirect wholly-owned subsidiaries of the Company and its accounts will be consolidated into the Group.

P.T. ACME

P.T. ACME is a company incorporated in Indonesia on 5 February 2009 with limited liability and whose entire issued share capital is owned as to 95% by the Target Company and as to 5% by P.T. Fredin Indonesia (each of it and its beneficial owners is an independent third party not connected with the Company or its connected persons) as at the Latest Practicable Date.

P.T. ACME will be principally engaged in provision of mining services and mineral sale services after entering into the mineral sales agreement and the mining services agreement with P.T. Multi. As stated in the Letter, the Group has the relevant experience in mining and exploitation, as it has already conducted such activities after the completion of the Previous Acquisition.

After the Completion, the Group will provide personnel, management assistance for P.T. ACME so that P.T. ACME can provide mining services and mineral sale services to P.T. Multi.

P.T. Multi

P.T. Multi is a company incorporated in Indonesia in 30 June 2004 with limited liability and whose entire issued share capital is beneficially owned as to 50% by P.T. Setia Kawan Minerals and as to 50% by P.T. Guna Mitra Jasa as at Latest Practicable Date. After completion of the Acquisition, the entire issued share capital of each of P.T. Multi will be wholly beneficially owned by P.T. ACME as a result of the share pledges executed in favour of P.T. ACME. P.T. Multi has obtained

(i) the relevant governmental exploration licence for locating and discovering the natural resources in or around the nearby area of the Mine, (ii) the Exploitation Licence for mining the iron resources contained in the Mine and (iii) the mineral resources export licence for exporting the minerals exploited in the Mine to other countries.

P.T. Multi is principally engaged in mining of iron ore resources and sale of mineral properties. The Board does not expect that there will be any change of management of P.T Multi as a result of the share pledge arrangement or after Completion. As P.T. Multi has already obtained the Exploitation Licence, it will be principally engaged in mining and exploitation of mineral resources, instead of exploration. P.T. Multi has been carrying works to clear up the mining site and building certain basic infrastructure so as to ensure that the mining activities can be carried out smoothly in future.

Mining Services Agreement

As mentioned in condition (viii) of the paragraph headed "Conditions" in the Letter, Completion is conditional upon P.T. ACME having entered into the Mining Services Agreement with P.T. Multi, under which P.T. ACME will provide mining and exploration and other related services to P.T. Multi. Such agreement will be valid throughout the terms of the Exploitation Licence granted to P.T. Multi.

According to the Directors, it is intended that P.T. ACME will undertake all expenditure in relation to the exploitation and will recover its costs by charging P.T. Multi a mining services fee which represents the actual cost of mining plus a margin to ensure that P.T. ACME will earn a reasonable return. Moreover, P.T. ACME will provide sales services, including soliciting potential customers of the iron ores.

Mineral Sale Agreement

As mentioned in condition (ix) of the paragraph headed "Conditions" in the Letter, Completion is conditional upon P.T. ACME having entered into the Mineral Sales Agreement with P.T. Multi, under which P.T. ACME will procure buyers for the iron resources exploited from the Mine. Such agreement will be valid throughout the term of the Exploitation Licence granted to P.T. Multi. It is intended that P.T. ACME will procure international buyers of the iron resources.

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. According to the Directors, 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 "Conditions" in the Letter, Completion is conditional upon the current Indonesian shareholders of P.T. Multi having entered into a loan agreement (under which a certain sum will be borrowed by such Indonesian shareholder) with P.T. ACME. The exact sum to be agreed is US$2,907,500. It is intended that the loan is for a term of 5 years or the valid period of the Exploitation Licence, whichever is shorter. Unless consent is given by P.T. ACME, 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.

In return, the Indonesian shareholders of P.T. Multi will provide a security of such loan, by pledging all the shares in P.T. Multi to P.T. ACME. 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, such share pledge arrangement shall be legal, valid and in compliance with the existing Indonesian laws, rules and regulations. As the shares of P.T. Multi are pledged to P.T. ACME under the share charges, P.T. ACME will have an indirect equitable or beneficial interest in the entire issued shares of P.T. Multi under Indonesian laws.

Indonesian legal opinion

As mentioned in condition (iv) of the paragraph headed "Conditions" in the Letter, Completion is conditional upon obtaining a satisfactory legal opinion issued by an Indonesian lawyer in relation to the Acquisition Agreement and the transactions contemplated thereunder. As stated in the finalized Indonesian legal opinion obtained by the Group before the Latest Practicable Date, due to the restrictions of the Indonesian laws, foreign entities are not permitted to directly hold any interest in P.T. Multi, the Indonesian company which holds the Exploitation Licence. As such, the Mining Services Agreement, Mineral Sales Agreement are entered into so as to enable the Group (as enlarged by the Target Company and P.T. ACME) can obtain revenue by providing advisory services to P.T. Multi on mining operations, while the loan agreement and the share pledge are entered into so as to provide funding for P.T. Multi for its daily operations and to consolidate the results of P.T. Multi into the Company's financial statements. The finalized Indonesian legal opinion has also covered the legality and validity of the loan agreement and share pledge to be signed by the Indonesian shareholders of P.T. Multi, the Mineral Sale Agreement and the Mining Services Agreement. In particular, the Indonesian legal advisers to the Company has opined that the loan agreement and the share pledge, as well as the Mineral Sale Agreement and the Mining Services Agreement, are made in compliance with Indonesian laws, rules and regulations, and so they are legal and valid. Such Indonesian legal opinion has also covered the validlity and legality of the exploration licence, the Exploitation Licence and the mineral resources export licence held by P.T. Multi, as well as some basic corporate information of the Indonesian companies of the Target Group (including but not limited to the issues on due incorporation, the current composition of the board, the powers of the company, the contents of the memorandum and articles of association).

Option deed

As mentioned in condition (xi) of the paragraph headed "Conditions" in the Letter, Completion is conditional upon the current Indonesian shareholders of P.T. Multi having entered into an option deed with P.T. ACME. Under this deed, the current shareholders of P.T. Multi will grant a call option to P.T. ACME, pursuant to which P.T. ACME could purchase all the issued shares in P.T. Multi, if there is a change of Indonesian laws to the effect that foreign-owned companies can directly hold the entire beneficial interest of an Indonesian company which holds an exploitation licence for an iron mine.

Information on the Mine

The Mine is located in Padang, Sumatra, Indonesia with an aggregate mining area of 44.38 hectares. The Mine is 92km distant from Padang City with good accessibility.

We refer to the technical report on the Mine ("Technical Report") performed by SRK Consulting China Limited ("Technical Adviser") as set out in the Appendix IV to the Circular. The Technical Report has been prepared, or is considered by the Technical Adviser to be, an independent technical report under the guidelines of the Valmin Code. The Valmin Code incorporates the JORC (Joint Ore Reserves Committee) Code, an Australasian code for the reporting of mineral Resources and ore reserves.

According to the Technical Report, the Mine is estimated to have 3,067,000 tons indicated iron resources and 3,350,000 tons inferred iron resources as measured by the Joint Ore Reserves Committee (JORC) Code.

We would like to remind the Independent Shareholders that the iron reserves of the Mine may not conform to the estimates level as stated in the Technical Report performed by the Technical Adviser. Any failure in discovering iron or in attaining commercial production may adversely affect the investment return of the Acquisition, 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 Acquisition disclosed in the paragraph headed "Risk Factors" in the Letter.

Consideration and business valuation

The Consideration is HK$76.5 million, which will be satisfied by the Purchaser in the following manner:

(i) as to HK$5 million shall be paid by the Purchaser in cash to the Vendor upon Completion; and

(ii) as to HK$71.5 million shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note upon Completion.

The Consideration was arrived at after arm's length negotiations between the parties to the Acquisition Agreement after taking into account, among others, the business prospects of the Target Group, the possible contribution to the Group from the proceeds generated from exploitation of the Mineral Resources at the Mine, the potentially growing demand for iron resources in the future, and the synergetic effect brought on the current Indonesian mining business of the Group after the completion of the Acquisition.

The Promissory Note is unsecured, zero coupon interest with maturity at 12 months from the date of the Completion.

Other than the issue of Promissory Notes, the Directors had considered the equity financing and other debt financing methods to finance the Acquisition. As compared to the issue of the Promissory Note directly to the Vendor, the Directors consider that the equity financing and other debt financing methods would be subject to a lengthy negotiation process and the due diligence practice. Besides, the equity financing methods will inevitably have dilution effects to the existing Shareholders and the debt financing methods would probably incur interest expenses for the Company. Given the Promissory Note is interest-free, the Directors consider that the issue of the Promissory Note are the most cost efficient and beneficial way to financing the Acquisition as they save the costs of borrowing and eliminate the burden of the Company arising through the usage of cash. We concur with the Directors' view in this regard.

According to the business valuation report in respect of the fair value of a 100% equity interest in the business entity of Target Company prepared by Grant Sherman Appraisal Limited (the "Valuer"), the text of which is set out in Appendix V to the Circular ("Valuation Report"), the fair value of 100% equity interest in the business entity of Target Company as at 30 September 2009 is HK$310 million.

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 note that the Valuer used a 100% of recovery rate and a 70% of recovery rate for 3,067,000 tons indicated iron resources and 3,350,000 tons inferred iron resources respectively, and an average selling price of extracted iron at US$75 per ton for 52% to 57% iron and US$90 per ton for 63.5% iron during the period from 2009 to 2014.

As suggested by the Valuer and according to the China's mining rights assessment guidance (礦業權評估指南), 100% recovery rate should be adopted for the indicated resources and a range of 50% to 80% should be adopted for the inferred resources.

Regarding the average selling price of iron at US$75 per ton for 52% to 57% iron and US$90 per ton for 63.5% iron, apart from reviewing the market data provided by the Company, we have conducted our market research and found that the market price of iron ore in the PRC was is ranged from approximately US$ 48 to US$118 per ton for 52% to 57% iron and approximately US$132.6 per ton for 63.5% iron. Based on the above, we therefore consider that the average selling price of iron adopted by the Valuer to be fair and reasonable.

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 Target Company 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 Target 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 Target Company. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by Target 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.

We have discussed with the Valuer regarding the basis for estimating the net cash flow from the business of Target Company 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 100% of recovery rate and a 70% of recovery rate for 3,067,000 tons indicated iron resources and 3,350,000 tons inferred iron resources is projected to the year of 2014.

We have been advised that the discount rate applied to the Net Cash Flow is based on a weight average cost of capital ("WACC") 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 ("Additional Premium"). 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 Target Company 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 Target Company 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 iron mine and cost structure of setting up mining operation are different and the Target Group has not yet commenced mining work, we consider it is impracticable to compare the consideration of the Acquisition with the 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 Target Company as at 30 September 2009 is HK$310 million and 54% of Target Company to be acquired by the Group under the Acquisition is approximately HK$167.4 million, which is significantly higher than the consideration of the Acquisition, i.e. approximately HK$76.5 million, we are of the view that the consideration for the Acquisition is fair and reasonable.

(3) Risk Factors

We would like to remind the Independent Shareholders that there are uncertainties associated with the Acquisition notwithstanding the potential benefits. Independent Shareholders are advised to pay attention on the paragraph headed "Risk Factors" in the Letter which covers the continuous capital investment by the Group, the share pledge arrangement, the policies and regulations in where the iron mine located and the environment protection policies to be adopted by Target Group.

In addition, we consider that there are also uncertainties and business risks associated with the Acquisition including (i) the commercial marketability of the iron and the time as to when the iron mine will commence operation; and (ii) the possible impact of investment loss to the Group in the event of failure to develop the iron 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 Acquisition 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.

However, taking into the accounts that (i) the Group has similar mining operation in the Indonesia and (ii) the potential benefits to the Group from the Acquisition as discussed in the previous paragraph headed "Reason for the Acquisition", we consider that the Acquisition is in the interests of the Company and its Shareholders as a whole despite the potential risks attached to the business of the Target Group as mentioned above and in the Letter.

(4) Financial effect of the Acquisition

Upon Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company and its accounts will be consolidated into the Group. According to the 2009 Interim Report of the Company, the Group had an unaudited total assets and total liabilities of approximately HK$1,267.4 million and HK$176.3 million respectively as at 30 September 2009. According to the unaudited pro forma consolidated balance sheet of the Enlarged Group as disclosed in Appendix III to the Circular, assuming the Acquisition took place on 30 September 2009, the total assets of the Group would increase to approximately HK$1,619.0 million and the total liabilities of the Group would also increase to approximately HK$294.4 million. As such, the net assets value will increase from approximately HK$1,091.1 million to approximately HK$1,324.6 million.

According to the audited financial information of the Target Group as set out in Appendix II to the Circular, the Target Group recorded a loss of approximately HK$2.1 million since its incorporation. Since Target Group has not yet commenced its mining operation, the Directors consider that there will not be any material impact on the current profitability of the Group upon the Completion.

Based on the substantial increase in net assets value as represented above, we consider that the Acquisition is beneficial to the Company and its Shareholders as whole.

RECOMMENDATION

Taking into account the factors and reasons as mentioned above, we are of the opinion that (i) the business of the Target Group is in the ordinary and usual course of the Group as iron mining is one of the principal activities of the Group; (ii) the Acquisition Agreement is 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 Acquisition Agreement to be proposed at the EGM.

Irrespective of the above, we would remind the Independent Shareholders that there are uncertainties associated with the Acquisition 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 Acquisition 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	**Kevin Wong**
Director	*Vice President*

1. FINANCIAL SUMMARY

Set out below is a summary of the audited financial information of the Group for the three years ended 31 March 2009, and the unaudited financial information of the Group for the six months ended 30 September 2009 which extracted from the relevant annual reports and interim report 2009 of the Company respectively.

CONSOLIDATED INCOME STATEMENTS

	For the six months ended 30 September	For the year ended 31 March		
	2009	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*
	Unaudited	Audited	Audited	Audited
Continuing operations:				
Turnover	88,587,097	181,843,565	40,422,046	923,000
Direct costs	(29,365,563)	(29,494,276)	(6,867,491)	(69,682)
Gross profit	59,221,534	152,349,289	33,554,555	853,318
Other operating income	266,855	643,077	344,008	4,847,205
Gain from a bargain purchase	184,200,827	–	–	–
Administrative expenses	(34,737,511)	(98,525,648)	(26,989,201)	(11,655,219)
Loss on disposal of subsidiaries	–	(3,021,019)	–	–
Finance costs	(850)	(7,564)	(127,035)	(65,834)
Profit/(loss) before tax	208,950,855	51,438,135	6,782,327	(6,020,530)
Income tax expense	(4,765,205)	(16,482,507)	(4,346,906)	–
Profit/(loss) for the period/year from continuing operations	204,185,650	34,955,628	2,435,421	(6,020,530)
Discontinued operations				
(Loss)/profit for the period year from discontinued operations	–	(174,397)	155,068	(491,105)
Profit/(loss) for the period/year	204,185,650	34,781,231	2,590,489	(6,511,635)
Other comprehensive income:				
Currency translation differences	463,286	–	–	–

	For the six months ended 30 September	For the year ended 31 March		
	2009	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
	Unaudited	Audited	Audited	Audited
Other comprehensive income for the period/year	463,286	–	–	–
Total comprehensive income for the period/year	204,648,936	34,781,231	2,590,489	(6,511,635)
Profit attributable to:				
Equity holders of the Company	203,238,850	30,086,197	2,386,359	(6,511,635)
Non-controlling interests	946,800	4,695,034	204,130	–
	204,185,650	34,781,231	2,590,489	(6,511,635)
Total comprehensive income attributable to:				
Equity holders of the Company	203,476,516	30,086,197	2,386,359	(6,511,635)
Non-controlling interests	1,172,420	4,695,034	204,130	–
	204,648,936	34,781,231	2,590,489	(6,511,635)
Dividend	–	–	–	–
Earnings per share *(HK cents per share)*				
From continuing and discontinued operations				
Basic	24.42	3.63	0.46	(0.73)
Diluted	N/A	3.47	0.44	(0.66)
From continuing operations				
Basic	24.42	3.65	0.43	(0.67)
Diluted	N/A	3.49	0.42	(0.61)

CONSOLIDATED BALANCE SHEETS

	At 30 September 2009 HK$ Unaudited	At 31 March 2009 HK$ Audited	At 31 March 2008 HK$ Audited	At 31 March 2007 HK$ Audited
NON-CURRENT ASSETS				
Intangible asset	497,235,875	–	–	–
Goodwill	505,765,869	505,765,869	426,465,393	2,332,814
Investment property	–	–	7,560,000	2,600,000
Exploration and evaluation assets	4,406,227	–	–	–
Property, plant and equipment	119,335,594	113,276,695	2,681,393	5,178,012
	1,126,743,565	619,042,564	436,706,786	10,110,826
CURRENT ASSETS				
Inventories	2,468,100	1,922,347	60,650	95,030
Loan receivable	–	–	–	–
Trade receivables	104,131,256	96,010,872	23,266,603	96,355
Prepayments, deposits and other receivables	22,266,221	13,375,072	45,677,040	590,043
Bank balances and cash	11,823,301	10,142,431	104,663,808	1,801,684
	140,688,878	121,450,722	173,668,101	2,583,112
CURRENT LIABILITIES				
Accruals and other payables	3,731,132	6,996,885	3,836,991	1,402,413
Trade payable	–	–	–	–
Deposits received	119,251	131,700	162,000	30,000
Amount due to a director	4,489,464	381,334	450,965	758,368
Bank loan	–	–	303,304	–
Obligations under finance leases – current portion	8,854	8,376	7,809	85,587
Other borrowings	–	–	–	5,000,000
Tax payable	16,373,939	11,951,936	5,195,887	48,853
	24,722,640	19,470,231	9,956,956	7,325,221
NET CURRENT ASSETS/(LIABILITIES)	115,966,238	101,980,491	163,711,145	(4,742,109)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,242,709,803	721,023,055	600,417,931	5,368,717
NON-CURRENT LIABILITIES				
Bank loan	–	–	3,480,206	–
Deferred tax	151,576,564	517,564	236,250	–
Obligations under finance lease – long term portion	8,879	13,426	16,269	24,079
	151,585,443	530,990	3,732,725	24,079
	1,091,124,360	720,492,065	596,685,206	5,344,638
CAPITAL AND RESERVES				
Share capital	33,284,400	33,284,400	31,319,000	19,300,000
Non-controlling interest	174,555,902	7,400,123	2,705,088	–
Reserves	883,284,058	679,807,542	562,661,118	(13,955,362)
	1,091,124,360	720,492,065	596,685,206	5,344,638

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2009

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 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$	2008 HK$
Continuing operations:			
Turnover	7	181,843,565	40,422,046
Direct costs		(29,494,276)	(6,867,491)
Gross profit		152,349,289	33,554,555
Other operating income	9	643,077	344,008
Administrative expenses		(98,525,648)	(26,989,201)
Loss on disposal of subsidiaries		(3,021,019)	–
Finance costs	10	(7,564)	(127,035)
Profit before tax		51,438,135	6,782,327
Income tax expense	11	(16,482,507)	(4,346,906)
Profit for the year from continuing operations		34,955,628	2,435,421
Discontinued operations	12		
(Loss)/profit for the year from discontinued operations		(174,397)	155,068
Profit for the year	13	34,781,231	2,590,489
Attributable to:			
Equity holders of the Company		30,086,197	2,386,359
Minority interests		4,695,034	204,130
Profit for the year		34,781,231	2,590,489
Earnings per share *(HK cents per share)*	16		
From continuing and discontinued operations			
Basic		3.63	0.46
Diluted		3.47	0.44
From continuing operations			
Basic		3.65	0.43
Diluted		3.49	0.42

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Notes	2009 HK$	2008 HK$
Non-current assets			
Investment properties	17	–	7,560,000
Goodwill	18	505,765,869	426,465,393
Property, plant and equipment	19	113,276,695	2,681,393
		619,042,564	436,706,786
Current assets			
Inventories	21	1,922,347	60,650
Trade receivables	22	96,010,872	23,266,603
Prepayments, deposits and other receivables	23	13,375,072	45,677,040
Bank balances and cash		10,142,431	104,663,808
		121,450,722	173,668,101
Current liabilities			
Accruals and other payables	24	6,996,885	3,836,991
Deposits received		131,700	162,000
Amount due to a director	25	381,334	450,965
Obligations under finance leases	26	8,376	7,809
Bank borrowings	27	–	303,304
Tax payables		11,951,936	5,195,887
		19,470,231	9,956,956
Net current assets		101,980,491	163,711,145
Total assets less current liabilities		721,023,055	600,417,931
Non-current liabilities			
Bank borrowings	27	–	3,480,206
Obligations under finance leases	26	13,426	16,269
Deferred tax liabilities	28	517,564	236,250
		530,990	3,732,725
Net assets		720,492,065	596,685,206
Capital and reserves			
Share capital	29	33,284,400	31,319,000
Reserves		679,807,542	562,661,118
Equity attributable to equity holders of the Company		713,091,942	593,980,118
Minority interests		7,400,123	2,705,088
Total equity		720,492,065	596,685,206

The accompanying notes form an integral part of these consolidated financial statements.

BALANCE SHEET

At 31 March 2009

	Notes	2009 HK$	2008 HK$
Current assets			
Amounts due from subsidiaries		10,809,225	1,703,946
Bank balances and cash		1,736,602	86,297,433
		12,545,827	88,001,379
Current liabilities			
Accruals and other payables		238,000	1,096,151
Amount due to a subsidiary		–	4,237,109
Amount due to a director	25	–	450,964
		238,000	5,784,224
Net assets		12,307,827	82,217,155
Capital and reserves			
Share capital	29	33,284,400	31,319,000
Reserves	30	(20,976,573)	50,898,155
Total equity attributable to equity holders of the Company		12,307,827	82,217,155

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to the 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)	Capital redemption reserve HK$	Retained profits/ (accumulated losses) HK$	Sub-total HK$	Minority interests HK$	Total equity HK$
At 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 and 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
Profit for the year	–	–	–	–	–	–	30,086,197	30,086,197	4,695,034	34,781,231
Total recognised income for the year	–	–	–	–	–	–	30,086,197	30,086,197	4,695,034	34,781,231
Issue of shares for acquisition of subsidiaries	2,100,000	75,600,000	–	–	–	–	–	77,700,000	–	77,700,000
Repurchase of shares	(254,600)	(6,496,650)	–	–	–	254,600	(254,600)	(6,751,250)	–	(6,751,250)
Disposal of subsidiaries	–	–	–	–	(1,089,000)	–	1,089,000	–	–	–
Recognition of equity – settled share-based payments	–	–	–	15,946,877	–	–	–	15,946,877	–	15,946,877
Forfeiture of lapsed shares under share option schemes	–	–	–	(421,990)	–	–	421,990	–	–	–
Exercise of share options	120,000	2,228,760	–	(218,759)	–	–	–	2,130,001	–	2,130,001
At 31 March 2009	33,284,400	658,498,793	(119,998)	19,912,759	–	254,600	1,261,389	713,091,943	7,400,122	720,492,065

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 were transferred to accumulated losses when the relevant properties had been disposed.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$	2008 HK$
Operating activities			
Profit before tax – continued operation		51,438,135	6,782,327
(Loss)/profit before tax – discontinued operation		(173,557)	160,318
Adjustments for:			
Depreciation of property, plant and equipment		3,803,381	399,806
Waive of amount due to an ex-director		–	(185,000)
Written off of inventories		1,749,929	–
Written off of property, plant and equipment		918,244	–
Loss on disposal of property, plant and equipment		227,740	547,439
Loss on disposal of subsidiaries		3,021,019	–
Bank interest income		(442,258)	(146,247)
Finance costs		65,038	275,380
Fair value changes of investment properties		–	(30,000)
Impairment loss recognised in respect of goodwill		253,564	2,332,814
Impairment loss recognised in respect of property, plant and equipment		18,431,038	–
Share-based payment expenses		15,946,877	5,757,471
Operating cash flows before movements in working capital		95,239,150	15,894,308
(Increase)/decrease in inventories		(3,611,626)	81,380
Increase in trade receivables, prepayments, deposits and other receivables		(36,587,200)	(64,017,000)
Increase in accruals, other payables and deposits received		2,944,517	1,345,649
Decrease in amount due to a director		(69,631)	(307,403)
Cash generated from/(used in) operating activities		57,915,210	(47,003,066)
Tax paid		(9,727,298)	–
Interest received		25,546	146,247
Income tax paid		–	(720,847)
Net cash generated from operating activities		48,213,458	47,577,666

	Notes	2009 HK$	2008 HK$
Investing activities			
Acquisition of subsidiaries	32(a) & (b)	(168,155,194)	(36,465,669)
Proceeds from disposals of property, plant and equipment		60,000	79,975
Proceeds from disposal of subsidiaries	33	3,051,389	–
Purchase of property, plant and equipment		(50,503,171)	(1,799,708)
Net cash used in investing activities		(215,546,976)	(38,185,402)
Financing activities			
Proceeds from issue of shares for acquisition of subsidiary	32(a)	77,700,000	–
Payment for repurchase of shares		(6,751,250)	–
Repayment of other borrowings		–	(5,000,000)
Loan interest paid		(57,474)	(266,352)
Finance leases interest paid		(7,564)	(9,028)
Repayments of obligations under finance leases		(2,276)	(85,588)
Proceeds from bank borrowings		–	4,000,000
Repayments of bank borrowings		(199,296)	(216,490)
Proceeds from placement of new shares		–	179,942,500
Recognition of share issue expenses		–	(4,675,350)
Proceeds from the exercise of share options		2,130,001	14,935,500
Net cash generated from financing activities		72,812,141	188,625,192
Net (decrease)/increase in cash and cash equivalents		(94,521,377)	102,862,124
Cash and cash equivalents at the beginning of the year		104,663,808	1,801,684
Cash and cash equivalents at the end of the year		10,142,431	104,663,808
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		10,142,431	104,663,808

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

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 on 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 20.

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 ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2008.

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of new amendments and interpretations had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Except as described above, the Group has not early applied the following new standards, amendments or interpretations (the "new HKFRSs") that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvement to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKFRS 1 and 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 2 (Amendment)	Share-based-Payment: Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[4]

[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, 1 July 2009 and 1 January 2010 as appropriate
[3] Effective for annual periods beginning on or after 1 January 2009
[4] Effective for annual periods beginning on or after 1 July 2009
[5] Effective for annual periods beginning on or after 1 July 2008
[6] Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are the entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

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 presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests in the net assets 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 business 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 HKRFS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal) groups 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 consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and contingent liabilities recognised.

(d) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the 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.

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) Investment 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 or 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 for the period 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 used 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 consolidated income statement in the year which the item is derecognised.

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 consolidated income. 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 consolidated balance sheet when a group 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 the consolidated income statement.

Financial assets

The Group's financial assets are classified into 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and receivables (including trade receivables, deposits and other receivables, bank balances and cash) 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 profit or loss 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.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that are correlate with default on receivables.

For financial assets carried at amortised cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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 a group entity 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 asset of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effect 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.

Other financial liabilities

Other financial liabilities including accruals and other payables, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 the cumulative gain or loss that had been recognised directly in equity is recognised in the consolidated income statement.

Financial liabilities are derecognised 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 the consolidated income statement.

(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 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

All borrowing costs are recognised in the consolidated 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 the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. The Group'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 amount of assets and liabilities in the financial statements 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 deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax 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 realised. Deferred tax is charged or credited to consolidated 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.

(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 consolidated 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 the consolidated income statement 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 (foreign currencies) are recorded in its 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 income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in 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 presentation currency of the Group (i.e. Hong Kong dollars) at the rate 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 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

A party is considered to be related to the Group if:

(i) the party, directly or indirectly through one or more intermediaries, (a) controls, is controlled by, or is under common control with, the Group; (b) has an interest in the Group that gives it significant influence over the Group; or (c) has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment loss in respect of trade receivables

The policy for impairment loss in respect of trade receivables of the Group 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 debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Investment properties

As described in note 17, investment properties were stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(d). The recoverable amounts of cash-generating units are 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.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009	**2008**
	HK$	*HK$*
Financial assets		
Loans and receivables (including bank balance and cash)	115,228,040	173,034,794
Financial liabilities		
Amortised cost	7,400,021	8,095,544

(b) Financial risk management objectives and policies

The Group's major financial instruments include borrowings, trade receivables, bank balances and cash. 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.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Market risk

(i) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the rental income are denominated in Hong Kong dollars (HK$), Renminbi ("RMB") and the Philippines Peso ("PESO"). The conversion of RMB into other currencies is subjected to he rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB & PESO. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2009 *HK$*	2008 *HK$*
Assets		
PESO	344,201	–
RMB	716,713	–

	2009 *HK$*	2008 *HK$*
Liabilities		
PESO	2,438,038	–
RMB	225,499	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against the Hong Kong dollars. For a 5% weakening of the relevant currencies against the Hong Kong dollars, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2009 *HK$*	2008 *HK$*
Impact of PESO		
Profit or loss	99,249	–
Impact of RMB		
Profit or loss	23,315	–

(ii) Cash flow Interest rate risk

The Group's exposure to changes in interest rates is minimal as the Group had no material fixed rate financial liabilities as at 31 March 2009. At 31 March 2008, the Group's fair value interest rate risk mainly attributable to its Hong Kong dollar dominated variable-rate borrowings (note 27) that concentrated on the fluctuation of HIBOR.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

As at 31 March 2009 and 2008, a reasonably possible change of 50 basis-points interest rates on borrowing would have no material impact of the Group's results for the year.

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 2009 in relation to each class of recognised financial assets are the carrying amount of those asset as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is 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 consider that the Group's credit risk is significantly reduced.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of bank borrowings and thus the liquidity requirement are provided to management for review periodically. Management will contact the bankers for renewals of bank borrowings whenever necessary. The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group can be required to pay, was as follow:

		At 31 March 2009				
	Weighted average effective interest rate	**Within 1 year**	**Within 2 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
Accruals and other payables	–	6,996,885	–	–	6,996,885	6,996,885
Amount due to a director	–	381,334	–	–	381,334	381,334
Obligations under finance lease	19.4%	9,840	13,940	–	23,780	21,802
		7,388,059	13,940	–	7,401,999	7,400,021

		At 31 March 2008				
	Weighted average effective interest rate	**Within 1 year**	**Within 2 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
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 lease	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

Fair value of financial instruments

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

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

- 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 the estimated future cash flows and the current market rate of return.

The directors of the Company (the "Directors") consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

6. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Directors actively and regularly reviewed and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from 2008.

During the year ended 31 March 2009 the capital structure of the Group mainly consists of debts, which include borrowings from banks, bank balances and cash, and equity attributable to equity holders, comprising issued capital, reserves and retained profits respectively. The Directors consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios as at 31 March 2009 and 2008 were as follows:

	2009	**2008**
	HK$	*HK$*
Borrowings *(note 27)*	–	3,783,510
Total equity	720,492,065	596,685,206
Gearing ratio	0	1

7. TURNOVER

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

	2009	2008
	HK$	*HK$*
Continuing operations		
Business consultancy services income	117,500	834,500
Hotel services income	50,200,404	–
Computer software solution and service	131,525,661	39,587,546
	181,843,565	40,422,046
Discontinued operations		
Funeral services income	523,817	3,733,742
Rental income	15,000	180,000
	538,817	3,913,742
	182,382,382	44,335,788

8. SEGMENT INFORMATION

Segment information is presented by way in two segments formats: (i) on a primarily 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 service 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 segments.

For management purposes, the Group is currently organised into four business segments as follows:

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

During the year ended 31 March 2009, the Group has disposed of its funeral services business and the disposal was completed in 26 November 2008.

Income statement

For the year ended 31 March 2009

	Continuing operations					Discontinued operations			
	Business consultancy	Computer software solution and services	Hotel services	Others	Total	Funeral services	Others	Total	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover									
External sales	117,500	130,816,841	50,200,404	708,820	181,843,565	523,817	15,000	538,817	182,382,382
Result									
Segment result	(7,549,339)	95,312,759	(15,901,089)	(2,579,844)	69,282,487	(18,206)	(97,877)	(116,083)	69,166,404
Interest income					–			–	–
Unallocated corporate income					2,993,378			–	2,993,378
Unallocated corporate expenses					(20,830,166)			–	(20,830,166)
Finance costs					(7,564)			(57,474)	(65,038)
Profit before tax					51,438,135			(173,557)	51,264,578
Income tax expense					(16,482,507)			(840)	(16,483,347)
Profit for the year					34,955,628			(174,397)	34,781,231

Consolidated balance sheet

As at 31 March 2009

	Business consultancy	Computer software solution and services	Hotel services	Others	Total	Funeral services	Others	Total	Consolidated
Assets									
Segment assets	11,417,050	535,634,421	190,847,038	340,611	738,239,120	–	–	–	738,239,120
Unallocated corporate assets									1,736,602
Consolidated total assets									739,975,722
Liabilities									
Segment liabilities	295,459	12,919,430	5,958,131	72,637	19,245,657	–	–	–	19,245,657
Unallocated corporate liabilities									238,000
Consolidated total liabilities									19,483,657
Other segment information									
Depreciation	337,504	809,991	2,428,916	25,678	3,622,089	75,629	105,663	181,292	3,803,381
Capital addition	1,799,553	2,762,104	44,281,239	136,859	48,979,755	–	1,523,417	1,523,417	50,503,172
Impairment loss recognised in respect of goodwill	–	253,564	–		253,564	–	–	–	253,564
Impairment loss recognised in respect of property, plant and equipment	–	–	18,431,038		18,431,038	–	–	–	18,431,038
Write-down of inventories	–	–	1,749,929		1,749,929	–	–	–	1,749,929

Income statement
For the year ended 31 March 2008

	Continuing operations					Discontinued operations			
	Business consultancy	Computer software solution and services	Hotel services	Others	Total	Funeral services	Others	Total	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover									
External sales	834,500	39,347,247	–	240,299	40,422,046	3,733,742	180,000	3,913,742	44,335,788
Result									
Segment result	(3,115,320)	26,018,492	–	(2,942,303)	19,960,869	56,980	175,060	232,040	20,192,909
Interest income					143,854			2,393	146,247
Unallocated corporate income					99,142			74,230	173,372
Unallocated corporate expenses					(13,294,503)			–	(13,294,503)
Finance costs					(127,035)			(148,345)	(275,380)
Profit before tax					6,782,327			160,318	6,942,645
Income tax expense					(4,346,906)			(5,250)	(4,352,156)
Profit for the year					2,435,421			155,068	2,590,489

Consolidated balance sheet
As at 31 March 2008

	Business consultancy	Computer software solution and services	Hotel services	Others	Total	Funeral services	Others	Total	Consolidated
Assets									
Segment assets	1,305,631	464,990,101	–	2,083,848	468,379,580	1,241,692	9,611,561	10,853,253	479,232,833
Unallocated corporate assets									131,142,054
Consolidated total assets									610,374,887
Liabilities									
Segment liabilities	416,227	7,098,264	–	97,765	7,612,256	200,436	467,509	667,945	8,280,201
Unallocated corporate liabilities									5,409,480
Consolidated total liabilities									13,689,681
Other segment information									
Fair value change of investment properties	–	–	–	–	–	–	30,000	30,000	30,000
Depreciation	110,493	40,489	–	12,086	163,068	129,654	107,084	236,738	399,806
Capital addition	589,172	1,200,156	–	5,190	1,794,518	–	5,190	5,190	1,799,708
Impairment loss recognised in respect of goodwill	–	–	–	2,332,814	2,332,814	–	–	–	2,332,814

Geographical segments

The Group's operations are principally located in Hong Kong and Philippines. The following table provides an analysis of the Group's turnover by geographical market:

	Revenue from external customers	
	2009	**2008**
	HK$	*HK$*
Hong Kong	132,181,978	44,335,788
The Philippines	50,200,404	–
	182,382,382	44,335,788

Revenue from the Group's discontinued operations was derived from Hong Kong.

The following is an analysis of the carrying amount of segment assets and capital expenditures analysed by geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Hong Kong	547,392,082	610,374,887	6,221,933	1,799,708
The Philippines	190,847,038	–	44,281,239	–
	738,239,120	610,374,887	50,503,172	1,799,708

9. OTHER OPERATING INCOME

	2009	**2008**
	HK$	*HK$*
Other operating income comprised of the followings:		
Continuing operations		
Interest income	442,250	143,854
Waiver of amount due to an ex-director	–	185,000
Sundry income	200,827	15,154
	643,077	344,008
Discontinued operations		
Interest income	8	2,393
Sundry income	–	74,229
	8	76,622
	643,085	420,630

10. FINANCE COSTS

	2009 *HK$*	2008 *HK$*
Interest on:		
Continuing operations		
Other borrowings wholly repayable within five years	–	125,000
Finance leases	7,564	2,030
Other finance costs	–	5
	7,564	127,035
Discontinued operations		
Bank borrowings not wholly repayable within five years	57,474	141,347
Finance leases	–	6,998
	57,474	148,345
	65,038	275,380

11. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Consolidated	
	2009 *HK$*	2008 *HK$*	2009 *HK$*	2008 *HK$*	2009 *HK$*	2008 *HK$*
The charge comprises:						
Current tax:						
Hong Kong Profits Tax	16,437,402	4,346,906	–	–	16,437,402	4,346,906
Other than Hong Kong	45,105	–	–	–	45,105	–
	16,482,507	4,346,906	–	–	16,482,507	4,346,906
Under-provision in prior years:						
Hong Kong Profits Tax	–	–	840	–	840	–
Deferred tax:						
Current year	–	–	–	5,250	–	5,250
	16,482,507	4,346,906	840	5,250	16,483,347	4,352,156

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

With effect from the year of assessment 2008/2009, the Hong Kong Profits Tax has been reduced from 17.5% to 16.5%. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

The income tax charge for the year can be reconciled to the profit (loss) before tax per the consolidated income statement as follows:

	2009		2008	
	HK$	*%*	*HK$*	*%*
Profit/(loss) before tax				
– Continuing operation	51,438,135		6,782,327	
– Discontinued operation	(173,557)		160,318	
	51,264,578		6,942,645	
Tax at the Hong Kong Profits tax rate of 16.5% (2008: 17.5%)	8,458,655	16.5	1,214,963	17.5
Tax effect of income not taxable for tax purposes	(37,665,741)	(73.5)	(609,936)	(8.8)
Tax effect of expenses not deductible for tax purposes	17,332,277	33.8	2,054,872	29.6
Overprovision of prior years	(33,422)	(0.1)	–	–
Underprovision of prior years	840	–	–	–
Overseas profit tax	45,105	0.1	(26,716)	(0.4)
Tax effect of tax losses not recognised	28,345,633	55.3	1,718,973	24.8
Tax charge for the year	16,483,347	32.1	4,352,156	62.7

12. DISCONTINUED OPERATIONS

On 27 October 2008, the Group entered into a sale and purchase agreement with Grand Pacific Management Inc. to dispose of the Group's funeral services business. The Group's management and shareholders approved the disposal of its entire equity interest in Cheung Shing Funeral Limited ("Cheung Shing") and Grand Sea Limited ("Grand Sea"), which are engaged in the funeral services business, for a consideration of HK$3,140,779. The transaction was completed on 26 November 2008.

An analysis of the results of the discontinued operation related to Cheung Shing and Grand Sea was as follows:

	2009	2008
	HK$	*HK$*
(Loss)/profit from discontinued operations		
Revenue	538,825	3,990,364
Direct costs	(149,027)	(2,334,304)
Gross Profit	389,798	1,656,060
Fair value changes of investment property	–	30,000
Expenses	(563,355)	(1,525,742)
(Loss)/profit before tax	(173,557)	160,318
Income tax expense	(840)	(5,250)
(Loss)/profit for the year from discontinued operations	(174,397)	155,068
Cash flows from discontinued operations		
Net cash flows from operating activities	(355,199)	(3,548,087)
Net cash flows from financing activities	106,632	3,557,387
Net cash flows	(248,567)	9,300

13. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	2009	2008	2009	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Staff costs:						
Directors' emoluments *(note 14)*	7,594,182	5,699,353	–	–	7,594,182	5,699,353
Salaries and other benefits	29,707,936	5,558,572	204,015	505,562	29,911,951	6,064,134
Share-based payment expenses	1,583,075	712,509	–	–	1,583,075	712,509
Retirement benefit scheme contributions (excluding directors)	482,203	282,158	–	50,909	482,203	333,067
Total employee benefit expenses	39,367,396	12,252,592	204,015	556,471	39,571,411	12,809,063
Depreciation on property, plant and equipment						
– owned assets	3,614,280	173,358	181,292	141,655	3,795,572	315,013
– financial leases assets	7,809	84,793	–	–	7,809	84,793
Loss on disposal of property, plant and equipment	227,739	547,439	–	–	227,739	547,439
Cost of inventories recognised as an expense	8,030,946	3,545,742	140,625	1,068,947	8,171,571	4,614,689
Auditors' remuneration	788,630	330,000	–	–	788,630	330,000
Share-based payment expenses	11,139,588	5,757,471	–	–	11,139,588	5,757,471
Impairment of property, plant and equipment	18,431,038	–	18,431,038	–	18,431,038	–
Impairment of goodwill	253,564	2,332,814	–	–	253,564	2,332,814

and after crediting:

Gross rental income from investment properties	–	–	15,000	180,000	15,000	180,000
Less: Direct operating expenses from investment properties that generate rental income during the year	–	–	(6,067)	(14,242)	(6,067)	(14,242)
Direct operating expenses from investment properties that did not generate rental income during the year	–	–	–	–	–	–
	–	–	8,933	165,758	8,933	165,758

14. DIRECTORS' AND EMPLOYEE EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each director for the year ended 31 March 2009 and 2008 were as follows:

	Directors fee		Salaries and other benefits		Retirement benefits scheme contributions		Share option granted		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors										
Mr. Chau Cheok Wa	–	–	–	–	–	–	–	–	–	–
Mr. Lee Chi Shing, Caesar	–	–	1,150,000	922,968	12,000	12,000	1,583,076	265,851	2,745,076	1,200,819
Mr. Tang Hon Kwong*	–	–	880,000	–	10,000	–	1,641,138	–	2,531,138	–
Ms. Cheng Mei Ching*	–	–	800,000	–	10,000	–	–	–	810,000	–
Mr. Chui Bing Sun##	–	–	1,104,000	3,799,291	8,000	12,000	–	–	1,112,000	3,811,291
	–	–	3,934,000	4,722,259	40,000	24,000	3,224,214	265,851	7,198,214	5,012,110
Independent non-executive directors										
Mr. Fung Kwok Ki**	60,000	–	–	–	–	–	–	–	60,000	–
Mr. Ng Tat Fai***	30,000	–	–	–	–	–	–	–	30,000	–
Mr. Poon Lai Yin Michael**	60,000	–	–	–	–	–	–	–	60,000	–
Mr. Siu Hi Lam, Alick###	94,516	120,000	–	–	–	–	–	109,081	94,516	229,081
Mr. Kwok Kwan Hung##	85,000	120,000	–	–	–	–	–	109,081	85,000	229,081
Mr. Chien Hoe Yong#	66,452	120,000	–	–	–	–	–	109,081	66,452	229,081
	395,968	360,000	–	–	–	–	–	327,243	395,968	687,243
	395,968	360,000	3,934,000	4,722,259	40,000	24,000	3,224,214	593,094	7,594,182	5,699,353

- # resigned on 20 October 2008
- ## resigned on 15 December 2008
- ### resigned on 15 January 2009
- * appointed on 6 June 2008
- ** appointed on 30 September 2008
- *** appointed on 29 December 2008

(b) Employees' emoluments

Of the five individual with the highest emoluments in the Group, four (2008: Four) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining one (2008: one) individuals were as follows:

	2009	2008
	HK$	*HK$*
Salaries and other benefits	861,608	640,000
Retirement benefit scheme contributions	12,000	7,000
Share options granted	–	576,672
	873,608	1,223,672

The emoluments were within the following bands:

	Number of employees 2009	2008
Nil – HK$1,000,000	1	–
HK$1,000,001 – HK$1,500,000	–	1

During the year ended 31 March 2009 and 2008, 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 years ended 31 March 2009 and 2008.

15. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil).

16. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2009 *HK$*	**2008** *HK$*
Earnings attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	30,086,197	2,386,359

	2009	**2008** (restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	828,721,342	523,923,964
Effect of dilutive potential ordinary shares:		
Share options	37,666,198	10,779,739
Weighted average number of ordinary shares for the purposes of diluted earnings per share	866,387,540	534,703,703

The weighted average number of ordinary shares for the year ended 31 March 2009 and 31 March 2008 for the purpose of basis and diluted earnings per share has been adjusted and restated resulting from the share consolidation during the year ended 31 March 2009.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to equity holders of the Company is based on the following data:

	2009	2008
	HK$	*HK$*
Earnings attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	30,086,197	2,386,359
Less: (Loss) profit for the year from discontinued operations	(174,397)	155,068
	30,260,594	2,231,291

The weighted average number of ordinary shares for the year ended 31 March 2009 and 31 March 2008 has been adjusted stated as above to reflect the share consolidation during the year.

From discontinued operations

The computation of basic and diluted loss per share for the discontinued operation is HK$0.02 per share (2008: basic and diluted earnings per share is HK$0.03), based on the loss for the year from discontinued operation of HK$174,397 (2008: profit for the year HK$155,068) and on the weighted average number ordinary shares stated as above.

The computation of diluted earnings per share of continuing and discontinued operations from continuing and discontinued operations for the year ended 31 March 2009 and 31 March 2008 is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

17. INVESTMENT PROPERTIES

	HK$
Fair value	
At 1 April 2007	2,600,000
Transfer from property, plant and equipment	4,930,000
Net increase in fair value	30,000
At 31 March 2008 and 1 April 2008	7,560,000
Disposal of a subsidiary	(7,560,000)
At 31 March 2009	–

The carrying values of investment properties shown above represents properties located in Hong Kong which held under medium-term leases. The investment properties with a fair value of HK$7,560,000 at 31 March 2008 had been pledged to secure bank borrowings.

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

	2009	2008
	HK$	*HK$*
Properties in Hong Kong under:		
Medium-term lease	–	7,560,000

All of the Group's property interests was held under operating leases to earn rentals or for capital appreciation purposes, are measured using the fair value model and are classified and accounted for as investment properties.

18. GOODWILL

	HK$
Cost	
At 1 April 2007	4,665,629
Addition arising from acquisition of subsidiaries *(note 32(c))*	426,465,393
At 31 March 2008 and 1 April 2008	431,131,022
Addition arising from acquisition of subsidiaries *(note 32(a & b))*	79,554,040
At 31 March 2009	510,685,062
Impairment	
At 1 April 2007	2,332,815
Impairment loss recognised	2,332,814
At 31 March 2008 and 1 April 2009	4,665,629
Impairment loss recognised	253,564
At 31 March 2009	4,919,193
Carrying amounts	
At 31 March 2009	505,765,869
At 31 March 2008	426,465,393

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 March 2009 is allocated as follow:

	2009	2008
	HK$	*HK$*
Computer software solution and service	426,465,393	426,465,393
Hotel services	79,300,476	–
	505,765,869	426,465,393

During the year, the directors of the Company reassessed the recoverable amount of the CGU of computer software solution and service and hotel services with reference to the valuation performed by Asset Appraisal Limited and Grant Sherman Appraisal Limited respectively, independent qualified professional valuers and determined that an impairment loss of HK$253,564 on goodwill associated with the CGU of computer software solution and service was identified and no impairment loss of on goodwill associated with the CGU of hotel services was identified.

The recoverable amount of the goodwill allocated to computer software solution and service segment was assessed by reference to value-in-use model which based on a five years cash flow projection approved by the directors of the Company with a zero growth rate (2008: zero). A discount rate of approximately 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.

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Computer equipment	Office equipment	Furniture, and fixtures	Motor vehicles	Leasehold improvement	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
The Group							
Cost							
At 1 April 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
Disposals	–	(175,478)	(158,433)	(687,378)	–	(309,108)	(1,330,397)
At 31 March 2008 and 1 April 2008	–	627,745	226,188	144,736	690,820	1,640,617	3,330,106
Acquisition of subsidiaries	85,810,000	–	–	–	–	–	85,810,000
Additions	37,050,624	3,065,264	190,784	4,046,341	3,778,977	2,371,182	50,503,172
Disposal of subsidiaries	–	–	(24,087)	(143,176)	(384,920)	(2,341,474)	(2,893,657)
Disposals	–	(42,232)	(25,732)	(70,920)	(305,900)	–	(444,784)
Written off	–	(918,244)	–	–	–	–	(918,244)
At 31 March 2009	122,860,624	2,732,533	367,153	3,976,981	3,778,977	1,670,325	135,386,593
Depreciation and impairment							
At 1 April 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
Charge for the year	95,000	62,580	29,436	39,815	107,573	65,402	399,806
Elimination upon transfer to investment properties	(190,000)	–	–	–	–	–	(190,000)
Elimination upon disposal	–	(168,654)	(93,252)	(429,332)	–	(11,745)	(702,983)
At 31 March 2008 and 1 April 2008	–	105,918	49,401	72,010	261,541	159,843	648,713
Charge for the year	1,759,586	578,048	72,340	392,936	575,611	424,860	3,803,381
Disposal of subsidiaries	–	–	(17,253)	(52,383)	(275,858)	(270,697)	(616,191)
Impairment	18,431,038	–	–	–	–	–	18,431,038
Elimination upon disposal	–	(29,237)	(13,579)	(42,851)	(71,376)	–	(157,043)
At 31 March 2009	20,190,624	654,729	90,909	369,712	489,918	314,006	22,109,898
Carrying amounts							
At 31 March 2009	102,670,000	2,077,804	276,244	3,607,269	3,289,059	1,356,319	113,276,695
At 31 March 2008	–	521,827	176,787	72,726	429,279	1,480,774	2,681,393

At 31 March 2009, property, plant and equipment of the Group with net book value of HK$18,873 (2008: HK$26,682) were held under finance leases.

During the year ended 31 March 2008, the land and building of the Group 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.

20. INTEREST IN SUBSIDIARIES

The Company

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

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 Capital Group (BVI) Limited*	British Virgin Island	Limited company	US$10,000	100	–	Investment holding in Hong Kong
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
Loyal King Investments Limited*	British Virgin Island	Limited company	US$50,000	–	100	Investment holding
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
Superb Kings Limited*	British Virgin Island	Limited company	US$50,000	–	100	Provision of hotel services

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

* The financial statements of these companies have been audited by firms other than HLB Hodgson Impey Cheng. The aggregate net assets and profit after taxation of these companies attributable to the Group amounted to approximately HK$78,000,000 and HK$57,000,000 respectively.

21. INVENTORIES

	2009	**2008**
	HK$	*HK$*
Finished goods, at cost	1,922,347	60,650

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

22. TRADE RECEIVABLES

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

	2009	**2008**
	HK$	*HK$*
Within 30 days	9,734,757	16,160,494
31-60 days	10,266,584	4,068,394
61-90 days	8,589,474	653,029
Over 90 days	67,420,057	2,384,686
	96,010,872	23,266,603

The average credit period on the trade receivables is 30-180 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 were as follows:

	2009	**2008**
	HK$	*HK$*
31-60 days	2,566,584	4,068,394
61-90 days	889,474	653,029
Over 90 days	65,110,057	2,384,686
	68,566,115	7,106,109

Trade receivables of HK$68,566,115 (2008: HK$7,106,109) that were past due which over 30-180 days but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverability. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The directors of the Company consider that the fair value of the Group's trade receivables at the balance sheet date were approximate their carrying amounts.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2009	2008
	HK$	*HK$*
Deposits *(Note)*	10,241,649	45,361,063
Prepayments	2,275,398	66,114
Other receivables	858,025	249,863
	13,375,072	45,677,040

The carrying amounts of prepayments, deposits and other receivables approximate to their fair value.

Note:

Deposits of HK$8,216,712 were the loan and interest accrued due from Gold Track Mining Resources Limited ("Gold Track") to Galileo Capital Group (BVI) Limited ("Galileo BVI") (a wholly-owned subsidiary of the Company). Pursuant to the announcement dated 31 October 2008, Galileo BVI and Gold Track entered into a subscription agreement ("Subscription Agreement") and supplemental agreement ("Supplemental Agreement") on 8 October 2008 and 23 October 2008 respectively. Pursuant to the Supplemental Agreement and Supplemental Agreement, Gold Track has conditionally agreed to allot and issue the 11,739 shares of Gold Track to Galileo BVI in consideration of Galileo BVI capitalizing the loan of US$1,000,000 and interest accrued thereon due from Gold Track to Galileo BVI. Details of the Subscription Agreement and Supplemental Agreement are set out in note 38 to the financial statements.

24. ACCRUALS AND OTHER PAYABLES

	2009	2008
	HK$	*HK$*
Accruals	3,458,532	3,183,231
Other payables	3,538,353	653,760
	6,996,885	3,836,991

The Directors consider that the fair value of the Group's accruals and other payables at the balance sheet date was approximately their carrying amounts.

25. AMOUNT DUE TO A DIRECTOR

The Group and the Company

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

26. OBLIGATION UNDER FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payment	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Amount payable under finance lease				
Within one year	9,840	9,840	8,376	7,809
In the second to fifth year inclusive	13,940	20,498	13,426	16,269
	23,780	30,338	21,802	24,078
Less: Future finance charges	(1,978)	(6,260)	–	–
Present value of lease obligations	21,802	24,078	21,802	24,078
Less: Amount due within one year shown under current liabilities			(8,376)	(7,809)
Amount due after one year			13,426	16,269

It is the Group's policy to lease certain of its fixed assets under finance leases. The lease term is three years. For the year ended 31 March 2009, the average effective interest rate was 19.4% per annum (2008: 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.

27. BANK BORROWINGS

	2009	**2008**
	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
Over 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 as at 31 March 2008 are denominated in Hong Kong dollars and carry HIBOR+0.65% per annum.

28. DEFERRED TAXATION

The following are the major deferred tax (liabilities)/assets recognised by the Group and movements thereon during the current and prior reporting years:

	Revaluation of investment properties *HK$*	Accelerated tax depreciation *HK$*	Fair value adjustment on acquisition of a subsidiary *HK$*	Tax losses *HK$*	Total *HK$*
As at 1 April 2007	–	(248,584)	–	248,584	–
Charge to 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)
As at 31 March 2008 and 1 April 2008	(236,250)	(228,703)	–	228,703	(236,250)
Acquisition of a subsidiary	–	–	(517,564)	–	(517,564)
Realised on disposal of a subsidiary	236,250	228,703	–	(228,703)	236,250
As at 31 March 2009	–	–	(517,564)	–	(517,564)

For the purposes of balance sheet presentation, certain deferred tax liabilities (assets) have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2009 *HK$*	2008 *HK$*
Deferred taxation assets	–	228,703
Deferred taxation liabilities	(517,564)	(464,953)
	(517,564)	(236,250)

At 31 March 2009, the Group had unused tax losses of approximately HK$17,016,000 (2008: HK$31,562,000) available for offset against future profits. For the year ended 31 March 2008, a deferred tax asset has been recognised in respect of approximately HK$1,307,000 of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$17,016,000 (2008: HK$30,255,000) 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.

29. SHARE CAPITAL

	Number of shares		Share capital	
	2009	2008	2009	2008
			HK$	*HK$*
Ordinary shares of HK$0.04 (2008: HK$0.02) each				
Authorised:				
At 31 March 2008 with HK$0.02 each	6,000,000,000	6,000,000,000	120,000,000	120,000,000
Share Consolidation *(note a)*	(3,000,000,000)	–	–	–
At 31 March 2009 with HK$0.04 each	3,000,000,000	–	120,000,000	–
Issued and fully paid:				
At 1 April	1,565,950,000	965,000,000	31,319,000	19,300,000
Share consolidation *(note a)*	(782,975,000)	–	–	–
Issue of shares for acquisition of subsidiaries *(note b)*	52,500,000	280,000,000	2,100,000	5,600,000
Repurchase of ordinary shares *(note c)*	(6,365,000)	–	(254,600)	–
Exercise of share options *(notes d & e)*	3,000,000	46,250,000	120,000	925,000
Placement of shares *(note f)*	–	274,700,000	–	5,494,000
At 31 March	832,110,000	1,565,950,000	33,284,400	31,319,000

Notes:

(a) Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 25 June 2008, the consolidation of ordinary shares in the share capital of the Company (on the basis that every two then existing issued and unissued ordinary shares of HK$0.02 each were consolidated into one ordinary share of HK$0.04) was approved and subsequently become effective on 26 June 2008.

(b) 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.

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.

(c) During the year ended 31 March 2009, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of Repurchase	No. of ordinary shares shares repurchase	Price per share Lowest	Highest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
August 2008	6,365,000	0.95	1.20	6,753,850

The above ordinary shares were cancelled upon repurchase. None of the Company's subsidiaries had repurchased, sold or redeemed any of the Company's listed shares during the year.

(d) 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 and transferred into shares in the share capital of the Company. The gross proceeds from the share options are amounted to HK$1,965,000.

(e) 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 and transferred into shares in the share capital of the Company. The gross proceeds from the share options are amounted to HK$165,000.

(f) 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.

30. RESERVES

The Company

	Share premium *HK$*	Contributed surplus *HK$*	Capital redemption reserve *HK$*	Share options reserve *HK$*	Accumulated loss *HK$*	Total *HK$*
At 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 cost 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 and at 1 April 2008	587,166,683	367,874	–	4,606,631	(541,243,033)	50,898,155
Issue of shares for acquisition of subsidiaries	75,600,000	–	–	–	–	75,600,000
Recognition of equity-settled share-based payment	–	–	–	15,946,877	–	15,946,877
Forfeiture of lapsed shares under share option scheme	–	–	–	(421,990)	421,990	–
Exercise of share options	2,228,760	–	–	(218,759)	–	2,010,001
Repurchase of shares	(6,496,650)	–	254,600	–	(254,600)	(6,496,650)
Loss for the year	–	–	–	–	(158,934,956)	(158,934,956)
At 31 March 2009	658,498,793	367,874	254,600	19,912,759	(700,010,599)	(20,976,573)

31. 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 GEM 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 GEM of the Stock Exchange (the "Pre-IPO Share Options"), the subscription price of the Pre-IPO 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 2009.

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 GEM 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 2009, the number of shares issuable under share options granted under the Share Option Plan was 120,450,000, which represented approximately 14% 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.

Category participants	Date of grant	Exercise price HK$ (note 3)	Exercise period	Outstanding at 1 April 2007	Grant duringt the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2008	Adjusted outstanding at 31 March 2008 (note 3)	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2009
				Number of share options									
Mr. Lee Chi	19.12.2006	0.836	19.12.2007 – 18.12.2016	2,500,000	–	(2,500,000)	–	–	–	–	–	–	–
Shing,	23.02.2007	0.600	23.02.2008 – 22.02.2017	1,000,000	–	(1,000,000)	–	–	–	–	–	–	–
Caesar	19.08.2008	1.140	19.08.2008 – 18.08.2018	–	–	–	–	–	–	8,380,000	–	–	8,380,000
				3,500,000	–	(3,500,000)	–	–	–	8,380,000	–	–	8,380,000
Mr. Siu Hi	01.11.2007	2.940	01.11.2007 – 31.10.2017	–	250,000	–	–	250,000	125,000	–	–	(125,000)	–
Lam, Alick	26.03.2007	0.660	26.03.2008 – 25.03.2017	500,000	–	(500,000)	–	–	–	–	–	–	–
				500,000	250,000	(500,000)	–	250,000	125,000	–	–	(125,000)	–
Mr. Kwok	01.11.2007	2.940	01.11.2007 – 31.10.2017	–	250,000	–	–	250,000	125,000	–	–	(125,000)	–
Kwan Hung	26.03.2007	0.660	26.03.2008 – 25.03.2017	500,000	–	–	–	500,000	250,000	–	(250,000)	–	–
				500,000	250,000	–	–	750,000	375,000	–	(250,000)	(125,000)	–
Mr. Chien Hoe	01.11.2007	2.940	01.11.2007 – 31.10.2017	–	250,000	–	–	250,000	125,000	–	–	(125,000)	–
Yong	26.03.2007	0.660	26.03.2008 – 25.03.2017	500,000	–	–	–	500,000	250,000	–	(250,000)	–	–
				500,000	250,000	–	–	750,000	375,000	–	(250,000)	(125,000)	–
Mr. Tan Hong	19.08.2008	1.140	19.08.2008 – 18.08.2018	–	–	–	–	–	–	3,580,000	–	–	3,580,000
Kwong	27.08.2008	1.160	27.08.2008 – 26.08.2018	–	–	–	–	–	–	4,800,000	–	–	4,800,000
				–	–	–	–	–	–	8,380,000	–	–	8,380,000

Category participants	Date of grant	Exercise price HK$ (note 3)	Exercise period	Number of share options: Outstanding at 1 April 2007	Grant duringt the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2008	Adjusted outstanding at 31 March 2008 (note 3)	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2009
Consultants in aggregate	23.02.2007	0.600	23.02.2007 – 22.02.2008	69,000,000	–	(28,700,000)	(40,300,000)	–	–	–	–	–	–
	13.08.2007	0.760	13.08.2007 – 12.08.2016	–	38,400,000	(3,500,000)	–	34,900,000	17,450,000	–	–	–	17,450,000
	17.08.2007	0.720	17.08.2007 – 16.08.2016	–	28,800,000	–	–	28,800,000	14,400,000	–	(2,500,000)	(2,300,000)	9,600,000
	21.08.2007	0.690	21.08.2007 – 20.08.2017	–	19,200,000	–	–	19,200,000	9,600,000	–	–	–	9,600,000
	19.08.2008	1.140	19.08.2008 – 18.08.2018	–	–	–	–	–	–	53,860,000	–	–	53,860,000
	27.08.2008	1.160	27.08.2008 – 26.08.2018	–	–	–	–	–	–	4,800,000	–	–	4,800,000
				69,000,000	86,400,000	(32,200,000)	(40,300,000)	82,900,000	41,450,000	58,660,000	(2,500,000)	(2,300,000)	95,310,000
Other employees in aggregate	19.12.2006	0.836	19.12.2007 – 18.12.2016	250,000	–	(250,000)	–	–	–	–	–	–	–
	21.08.2007	0.690	21.08.2007 – 20.08.2017	–	9,800,000	(9,800,000)	–	–	–	–	–	–	–
	01.11.2007	2.940	01.11.2007 – 31.10.2017	–	400,000	–	–	400,000	200,000	–	–	(200,000)	–
	19.08.2008	1.140	19.08.2008 – 18.08.2018	–	–	–	–	–	–	8,380,000	–	–	8,380,000
				250,000	10,200,000	(10,050,000)	–	400,000	200,000	8,380,000	–	(200,000)	8,380,000
‘				74,250,000	97,350,000	(46,250,000)	(40,300,000)	85,050,000	42,525,000	83,800,000	(3,000,000)	(2,875,000)	120,450,000

Notes:

(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 share consolidation.

(4) 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:

	The Group	
Date of grant	19 August 2008	27 August 2008
Number of share option	74,200,000	9,600,000
Share price at grant date *(HK$)*	1.11	1.16
Weighted average exercise price *(HK$)*	1.14	1.16
Expected volatility (expressed as weighted average volatility)	99.81%	96.08%
No. of years for option life (expressed as weighted average life)	10	10
Expected dividends	0%	0%
Risk-free interest rate	1%	1.15%

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$15,946,877 for the year ended 31 March 2009 (2008: HK$5,757,471) in relation to share options granted by the Company. At 31 March 2009, the Company had 120,450,000 share options after adjustment for the effect of share consolidation (2008: 85,050,000) 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 120,450,000 (2008: 85,050,000) additional ordinary shares of HK$0.04 each (2008: HK$0.02 each) of the Company and additional share capital of HK$4,818,000 (2008: HK$1,701,000) and cash proceeds to the Company of HK$122,522,000 (2008: HK$32,274,000) (before share issue expenses).

32. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2009

(a) On 20 May 2008, the Group acquired 100% of the issued share capital of Superb Kings Limited ("Superb Kings") at an aggregate consideration of HK$168,155,194.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Carrying amounts prior to the acquisition *HK$*	**Fair value adjustments** *HK$*	**Fair value** *HK$*
Net assets acquired:			
Property, plant and equipment	75,458,719	10,351,281	85,810,000
Prepayment and deposits	3,562,282	–	3,562,282
Amounts due to a shareholder	(79,813,352)	–	(79,813,352)
Deferred tax	–	(517,564)	(517,564)
	(792,351)	9,833,717	9,041,366
Amounts due to a shareholder assign to the Group			79,813,352
Goodwill			79,300,476
Total consideration			168,155,194
Satisfied by:			
Cash consideration			89,500,000
Issue of shares at fair value			77,700,000
Expenses incurred for acquisition			955,194
			168,155,194

Notes:

(i) Details of the acquisition of Superb Kings were set out in the Company's circular dated 10 April 2008. Since the date of the acquisition, Superb Kings contributed a loss of HK$9,149,781 to the Group for the year ended 31 March 2009.

(ii) If the acquisition had been completed on 1 April 2008, total group revenue for the year end would have been HK$182,382,382 and profit for the year would have been HK$35,617,690. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is it intended to be a projection of future results.

(iii) 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 Group acquired 100% of the issued share capital of Holy Sun Limited ("Holy Sun") at consideration of HK$1.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Carrying amounts prior to the acquisition	**Fair value adjustments**	**Fair value**
	HK$	*HK$*	*HK$*
Other Payable	(253,563)	–	(253,563)
			(253,563)
Goodwill			253,564
Total consideration			1
Satisfied by cash			1

Notes:

(i) Since the date of the acquisition, Holy Sun contributed a loss of HK$1,481,184 to the Group for the year ended 31 March 2009.

(ii) If the acquisition had been completed on 1 April 2008, total group revenue for the year end would have been HK$182,382,382 and profit for the year would have been HK$35,686,182. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is it intended to be a projection of future results.

For the year ended 31 March 2008

(c) On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited ("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 (the "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 balance 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)
	3,412,607	–	3,412,607
Goodwill			426,465,393
Total consideration			429,878,000
Satisfied by:			
Cash consideration			40,000,000
Issue of share at fair value			389,200,000
Expenses incurred for the acquisition			678,000
			429,878,000

Net cash outflow in respect of the acquisition of the Loyal King Group

Cash consideration paid	40,000,000
Expenses paid incurred 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.

33. DISPOSAL OF INTEREST IN SUBSIDIARIES

On 27 October 2008, the Group entered into a sale and purchase agreement with Grand Pacific Management Inc. to dispose of it subsidiaries, Cheung Shing and Grand Sea at a total consideration of HK$3,140,799. A summary of the effects of the disposal of Cheung Shing and Grand Sea were as follows:

	Cheung Shing	**Grand Sea**	**Total**
	HK$	*HK$*	*HK$*
Net assets disposed of:			
Property, plant and equipment	847,711	1,429,755	2,277,466
Investment properties	–	7,560,000	7,560,000
Accounts receivables	98,210	–	98,210
Prepayments and deposits	25,682	–	25,682
Amounts due from a fellow subsidiary	645,253	–	645,253
Amounts due from the ultimate holding company	–	2,873,411	2,873,411
Bank balances and cash	–	2,565	2,565
Bank overdrafts	(1,094)	–	(1,094)
Amount due to an immediate holding company	–	(645,253)	(645,253)
Amounts due to a fellow subsidiary	(400,505)	(217,269)	(617,774)
Amounts due to the ultimate holding company	(326,461)	–	(326,461)
Other payables	(68,486)	–	(68,486)
Bank loans	–	(3,584,214)	(3,584,214)
Deferred tax liabilities	–	(236,250)	(236,250)
	820,310	7,182,745	8,003,055
Amount due from the Group written off upon disposal			(1,929,176)
Expenses incurred			87,919
Loss on disposal of subsidiaries			(3,021,019)
			3,140,779
Satisfied by:			
Cash			3,140,779

An analysis of the net cash inflow in respect of the disposal of subsidiaries is as follow:

	2009
	HK$
Cash consideration	3,140,779
Expenses incurred	(87,919)
Cash and cash equivalents disposed of	(1,471)
	3,051,389

The impact of Cheung Shing and Grand Sea on the Group's results and cash flows in the current and prior years are disclosed in note 12 to the consolidated financial statements.

34. 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.

35. OPERATING LEASE ARRANGEMENTS

The Group had of approximately HK$5,207,000 (2008: HK$560,000) minimum lease payments under operating lease during the year in respect of office premises.

The Group as lessee

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

	2009	**2008**
	HK$	*HK$*
Within one year	2,468,329	1,200,000
In the second to fifth year inclusive	6,083,847	850,000
After fifth year	45,065,098	–
	53,617,274	2,050,000

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:

	2009	**2008**
	HK$	*HK$*
Within one year	77,580,750	264,000

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

36. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2009, the Group had the following major non-cash transactions:

As at 20 May 2008, the Company issued and allotted a total of 105,000,000 ordinary shares of HK$0.02 each at HK$0.74 per share which was approximate to HK$ 77,700,000 to Yeung Hak Kan, as the partial consideration for the acquisition of Superb Kings Limited.

37. MATERIAL RELATED PARTY TRANSACTIONS

Saved as disclose elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

		2009	2008
		HK$	*HK$*
(a)	Compensation of key personnel management		
	The remuneration of directors and other members of key executive were as follows:		
	Short-term benefits	1,257,576	5,722,259
	Retirement benefit scheme contributions	52,000	31,000
	Share options granted	3,224,214	1,169,766
		4,533,790	6,923,025

(b) In addition to the above, the Group has entered into the following significant related party transactions with Gold Track Mining and Resources Limited ("Gold Track"), a company whose substantial shareholder is sister-in-law of Mr. Cheng Ting Kong, a substantial shareholder of the Company.

The Group lend a loan of approximately HK$7,800,000 to Gold Track during the year and interest income of HK$416,712 was accrued thereon was receivable at year end 31 March 2009.

(c) Details of the balances with related parties as at the balance sheet date were set out in notes 23 and 25 above.

38. POST BALANCE SHEET EVENTS

Pursuant to the announcement dated 31 October 2008, Galileo BVI (a wholly-owned subsidiary of the Company) and Gold Track entered into the Subscription Agreement and the Supplemental Agreement on 8 October 2008 and 23 October 2008 respectively. The subscription constitutes a very substantial acquisition ("Very Substantial Acquisition") for the Company under Chapter 19 of the GEM Listing Rules. 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 Gold Track to Galileo BVI. The transaction is conditional and is subject to the approval of the shareholders of the Company. Details of the Very Substantial Acquisition are set out in the Company's announcement and circular dated 31 October 2008 and 22 June 2009 respectively.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

40. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2009.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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 six months ended 30 September 2009 together with the comparative unaudited figures for the corresponding period in 2008.

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2009

		For the three months ended 30 September		For the six months ended 30 September	
		2009	**2008**	**2009**	**2008**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Continuing operations:					
Revenue	*2*	42,636,125	52,532,500	88,587,097	97,305,275
Direct costs		(22,615,792)	(12,582,455)	(29,365,563)	(21,656,689)
Gross profit		20,020,333	39,950,045	59,221,534	75,648,586
Other operating income		66,365	61,681	266,855	74,939
Gain from a bargain purchase	*3*	184,200,827	–	184,200,827	–
Administrative expenses		(20,611,502)	(33,224,660)	(34,737,511)	(41,712,491)
Finance costs		(395)	(508)	(850)	(1,015)
Profit before taxation	*4*	183,675,628	6,786,558	208,950,855	34,010,019
Income tax expense	*5*	(1,943,948)	(5,345,190)	(4,765,205)	(9,750,950)
Profit for the period from continuing operations		181,731,680	1,441,368	204,185,650	24,259,069
Discontinued operations:					
Loss for the period from discontinued operations		–	(142,407)	–	(149,452)
Profit for the period		181,731,680	1,298,961	204,185,650	24,109,617
Other comprehensive income:					
Currency translation differences		463,286	–	463,286	–
Other comprehensive income for the period		463,286	–	463,286	–
Total comprehensive income for the period		182,194,966	1,298,961	204,648,936	24,109,617

		For the three months ended 30 September		For the six months ended 30 September	
		2009	2008	2009	2008
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Profit attributable to:					
Equity holders of the Company		181,166,678	343,075	203,238,850	21,289,555
Non-controlling interests		565,002	955,886	946,800	2,820,062
		181,731,680	1,298,961	204,185,650	24,109,617
Total comprehensive income attributable to:					
Equity holders of the Company		181,404,344	343,075	203,476,516	21,289,555
Non-controlling interests		790,622	955,886	1,172,420	2,820,062
		182,194,966	1,298,961	204,648,936	24,109,617
Dividend	*6*	–	–	–	–
Earnings per share	*7*				
From continuing and discontinued operations					
Basic (HK cents per share)		21.77	0.04	24.42	1.76
Diluted (HK cents per share)		N/A	0.03	N/A	1.56
From continuing operations					
Basic (HK cents per share)		21.77	0.06	24.42	1.77
Diluted (HK cents per share)		N/A	0.05	N/A	1.56

Condensed Consolidated Balance Sheet
As at 30 September 2009

	Notes	**At 30 September 2009** *HK$* (Unaudited)	**At 31 March 2009** *HK$* (Audited)
Non-current assets			
Intangible asset	*8*	497,235,875	–
Goodwill		505,765,869	505,765,869
Exploration and evaluation assets	*9*	4,406,227	–
Property, plant and equipment	*10*	119,335,594	113,276,695
		1,126,743,565	619,042,564
Current assets			
Inventories		2,468,100	1,922,347
Trade receivables	*11*	104,131,256	96,010,872
Prepayments, deposits and other receivables	*12*	22,266,221	13,375,072
Bank balances and cash		11,823,301	10,142,431
		140,688,878	121,450,722
Current liabilities			
Accruals and other payables		3,731,132	6,996,885
Deposits received		119,251	131,700
Amounts due to directors	*13*	4,489,464	381,334
Obligations under finance leases	*14*	8,854	8,376
Tax payables		16,373,939	11,951,936
		24,722,640	19,470,231
Net current assets		115,966,238	101,980,491
Total asset less current liabilities		1,242,709,803	721,023,055
Non-current liabilities			
Obligations under finance leases	*14*	8,879	13,426
Deferred tax	*15*	151,576,564	517,564
		151,585,443	530,990
		1,091,124,360	720,492,065
Capital and reserves			
Share capital	*16*	33,284,400	33,284,400
Reserves		883,284,058	679,807,542
Non-controlling interest		174,555,902	7,400,123
		1,091,124,360	720,492,065

Condensed Consolidation Statement of Changes in Equity

For the six months ended 30 September 2009

	Attributable to equity holders of the Company									
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Property Revaluation Reserve	Retained Profits/ (Accumulated Losses)	Total	Non-controlling Interest	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2008 (Audited)	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 a subsidiary	2,100,000	75,600,000	–	–	–	–	–	77,700,000	–	77,700,000
Exercise of share options	120,000	2,228,759	–	–	(218,759)	–	–	2,130,000	–	2,130,000
Share option lapsed	–	–	–	–	(123,410)	–	123,410	–	–	–
Share option benefits	–	–	–	–	15,946,877	–	–	15,946,877	–	15,946,877
Repurchase of shares	(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)	–	–	–
Profit for the period	–	–	–	–	–	–	21,289,555	21,289,555	2,820,062	24,109,617
At 30 September 2008 (Unaudited)	33,284,400	658,498,792	254,600	(119,998)	20,211,339	1,089,000	(8,922,833)	704,295,300	5,525,150	709,820,450
At 1 April 2009 (Audited)	33,284,400	658,498,793	254,600	(119,998)	19,912,759	–	1,261,388	713,091,942	7,400,123	720,492,065
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	165,983,359	165,983,359
Profit for the period	–	–	–	–	–	–	203,238,850	203,238,850	946,800	204,185,650
Other omprehensive income:										
Currency translation difference	–	–	–	–	–	–	237,666	237,666	225,620	463,286
Total comprehensive income for the period ended 30 September 2009 (Unaudited)	33,284,400	658,498,793	254,600	(119,998)	19,912,759	–	204,737,904	916,568,458	174,555,902	1,091,124,360

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2009

	For the six months ended 30 September	
	2009	**2008**
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Continuing operations	2,188,535	56,369,647
Discontinued operations	–	1,199,535
Cash flows from operating activities – net	2,188,535	57,569,182
Cash flows from investing activities		
Continuing operations	(4,699,820)	(191,359,517)
Discontinued operations	–	(1,252,568)
Cash flows from investing activities – net	(4,699,820)	(192,612,085)
Cash flows from financing activities		
Continuing operations	(4,920)	63,332,153
Discontinued operations	–	(192,188)
Cash flows from financing activities – net	(4,920)	63,139,965
Net decrease in cash, cash equivalent	(2,516,205)	(71,902,938)
Cash and cash equivalent at the beginning of the period	14,188,718	104,663,808
Effect of exchange rate changes	150,788	–
Cash and cash equivalent at the ended of the period	11,823,301	32,760,870
Analysis of the balances of cash and cash equivalent		
Bank balances and cash	11,823,301	32,760,870

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 34 "Interim Financial Reporting" 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. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2009.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2009, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

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 2009.

The unaudited consolidated results of the Group for the six months ended 30 September 2009 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.

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 organized into four business segments – computer software solution and services, funeral services, hotel services, mining and others.

Income statement – Segment Information
For the period ended 30 September 2009 (Unaudited)

	Continuing operations						Discontinued operations			
	Philippines	Indonesia	Hong Kong				Hong Kong			
	Hotel Services	Mining	Computer services	Others	Sub-total	Total	Financial services	Others	Total	Consolidated
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Turnover										
External sales	41,398,994	–	46,398,693	789,410	47,188,103	88,587,097	–	–	–	88,587,097
Results										
Segment results	20,457,667	(6,405,544)	29,741,700	(16,953,725)	12,787,975	26,840,098	–	–	–	26,840,098
Gain from a bargain purchase										184,200,827
Unallocated corporate incomes										41
Unallocated corporate expenses										(2,089,261)
Finance cost										(850)
Profit before taxation										208,950,855
Income tax expenses										(4,765,205)
Profit for the period										204,185,650

Income Statement – Segment Information
For the period ended 30 September 2008 (Unaudited)

	Continuing operations						Discontinued operations			
	Philippines	Indonesia	Hong Kong				Hong Kong			
	Hotel Services	Mining	Computer services	Others	Sub-total	Total	Financial services	Others	Total	Consolidated
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Turnover										
External sales	21,248,411	–	75,598,197	458,667	76,056,864	97,305,275	436,354	15,000	451,354	97,756,629
Results										
Segment results	1,233,574	–	54,952,821	(2,112,606)	52,840,215	54,073,789	(34,779)	(71,986)	(106,765)	53,967,024
Unallocated corporate incomes										7,815
Unallocated corporate expenses										(20,070,571)
Finance cost										(43,701)
Profit before taxation										33,860,567
Income tax expenses										(9,750,950)
Profit for the period										24,109,617

Geographical segments

The Group's operations are principally located in Hong Kong, Indonesia and Philippines. The following table provides an analysis of the Group's turnover by geographical market:

Revenue from external customers

	For the six months ended 30 September	
	2009	**2008**
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Hong Kong	47,188,103	76,508,219
The Philippines	41,398,994	21,248,410
	88,587,097	97,756,629

Revenue from the Group's discontinued operations was derived from Hong Kong. No revenue generated from mining business in Indonesia during the period.

The following is an analysis of the carrying amount of segment assets and capital expenditures analysed by geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	30 September 2009	**31 March 2009**	**30 September 2009**	**31 March 2009**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Hong Kong	531,364,008	547,392,082	446,597	6,221,933
Indonesia	360,880,134	–	–	–
The Philippines	223,088,398	190,847,038	4,253,223	44,281,239
	1,115,332,540	738,239,120	4,699,820	50,503,172

3. GAIN FROM A BARGAIN PURCHASE

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. Gold Track owns 95% shareholding of PT. Tomico and PT. Tomico has 100% indirect and beneficial interest in PT. Kapitalindo by share pledge arrangement.

The Group decided to exercise the subscription to acquire the shares of Gold Track. After the completion of the acquisition on 17 July 2009, the Group has owned 54% shareholding in Gold Track and 51.3% shareholding in both of PT. Tomico and PT. Kapitalindo. As at 17 July 2009, the Group revaluated the net assets of Gold Track Group to its fair value as HK$360,816,298.

Gain from a bargain purchase and the net assets acquired arising from the acquisition of Gold Track Group were as follows:

	HK$ (Unaudited)
Net assets acquired:	
Intangible assets *(Note 8)*	503,530,000
Property, plant and equipment	5,009,609
Exploration & evaluation assets	4,241,969
Other receivables	914,157
Bank balances and cash	4,046,287
Other payables	(1,768,708)
Amount due to the holding company	(4,914)
Amount due to a director	(4,093,102)
Deferred tax	(151,059,000)
	360,816,298
Non-controlling interests	(165,975,497)
Gain from a bargain purchase	(184,200,827)
Total consideration	10,639,974
Satisfied by:	
Interest income receivable	647,507
Convertible loans	7,800,000
Direct expenses relating to the acquisitions	2,192,467
	10,639,974
Net cash inflow arising on acquisition	4,046,287
Bank balance and cash	
Direct expenses relating to the acquisitions	(2,192,467)
	1,853,820

The gain from a bargain purchase of HK$184,200,827 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$184,200,827 should be recognised immediately in profit or loss.

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Employee benefits expense including those of directors				
– wages, salaries and others	9,200,644	6,846,907	17,442,741	11,359,763
– share base payment expense	–	15,946,877	–	15,946,877
Amortisation for intangible asset	6,294,125	–	6,294,125	–
Depreciation for property, plant and equipment				
– owned assets	1,953,859	1,685,440	3,839,247	1,953,405
– finance lease assets	1,953	1,953	3,905	3,905
Interest income	(1,634)	(3,908)	(3,347)	(17,103)

5. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2008: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 September		For the six months ended 30 September	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Over-provision in prior year				
– Hong Kong profits tax	(191,762)	–	(191,762)	–
Current income tax				
– Hong Kong profits tax	2,121,875	5,345,190	4,922,713	9,750,950
– Overseas taxation	13,835	–	34,254	–
	1,943,948	5,345,190	4,765,205	9,750,950

6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

7. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For the three months ended 30 September		For the six months ended 30 September	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	181,166,678	343,075	203,238,850	21,289,555

	Number of shares		Number of shares	
	2009	**2008**	**2009**	**2008**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	832,110,000	836,598,470	832,110,000	1,208,023,880
Effect of dilutive potential ordinary shares: share options	–	155,406,006	–	162,222,763
Weighted average number of ordinary shares for the purpose of diluted earnings per share	832,110,000	992,004,476	832,110,000	1,370,246,643

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to equity holders of the Company is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	181,166,678	343,075	203,238,850	21,289,555
Less: loss for the period from discontinued operations	–	(142,407)	–	(149,452)
	181,166,678	485,482	203,238,850	21,439,007

Diluted earnings per share for the six months ended 30 September 2009 has not been disclosed as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

8. INTANGIBLE ASSETS

	Mining right
	HK$
	(Unaudited)
Valuation:	
Balance at 1 April 2009	–
Acquisition of subsidiaries *(Note 3)*	503,530,000
Balance at 30 September 2009	503,530,000
Amortisation:	
Balance at 1 April 2009	–
Provided during the period	6,294,125
Balance at 30 September 2009	6,294,125
Net book values:	
At 30 September 2009	497,235,875
At 31 March 2009	–

Through the acquisition of Gold Track Group on 17 July 2009, the Group has obtained a mining right.

The subsidiary, 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 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 PT. Multi Utama Bisnis Solusi. The Mine which is located in Indonesia with a total length of 38km and an aggregate mining area of 4,413 hectares. The Mine is estimated to have iron resources of approximately 80.60 million tons.

The mining right is carried at revalued amount of HK$503,530,000, being its fair value as at 17 July 2009. Such valuation has been carried out using cash flow projections based on financial budgets approved by the management and applying the discounted cash flow technique.

The mining right had been carried at cost less any accumulated amortization and any accumulated impairment losses. The mining right is amortised on straight-line basis over proposed production period of 20 years.

9. EXPLORATION AND EVALUATION ASSETS

	30 September 2009	31 March 2009
	HK$	*HK$*
	(Unaudited)	(Audited)
Net book values:		
As at beginning of period	–	–
Arising on acquisition of subsidiaries	4,241,969	–
Exchange realignment	164,258	–
As at end of period	4,406,227	–

10. PROPERTY, PLANT AND EQUIPMENT

	30 September 2009 *HK$* (Unaudited)	31 March 2009 *HK$* (Audited)
Cost:		
Balance at 1 April	135,386,593	3,330,106
Acquisition of subsidiaries	5,233,265	85,810,000
Additions	4,699,820	50,503,172
Disposal of subsidiaries	–	(2,893,657)
Disposals	(21,855)	(444,784)
Written off	–	(918,244)
Balance at 30 September/31 March	145,297,823	135,386,593
Depreciation:		
Balance at 1 April	22,109,898	648,713
Acquisition of subsidiaries	29,941	–
Depreciation charge	3,843,152	3,803,381
Disposals of subsidiaries	–	(616,191)
Impairment	–	18,431,038
Elimination upon disposal	(20,762)	(157,043)
Balance at 30 September/31 March	25,962,229	22,109,898
Net book values:		
At 30 September/31 March	119,335,594	113,276,695

11. TRADE RECEIVABLES

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

	30 September 2009 *HK$* (Unaudited)	31 March 2009 *HK$* (Audited)
Within 30 days	13,211,601	9,734,757
31 – 60 days	13,431,448	10,266,584
61 – 90 days	6,735,094	8,589,474
Over 90 days	70,753,113	67,420,057
	104,131,256	96,010,872

The average credit period on the trade receivables is 30-180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar.

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 30 September 2009 approximate to their fair values.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2009 HK$ (Unaudited)	31 March 2009 HK$ (Audited)
Deposits	3,200,025	10,241,649
Prepayments	1,457,833	2,275,398
Other receivables	17,608,363	858,025
	22,266,221	13,375,072

The Directors consider that the carrying amount of prepayments, deposits and other receivables approximates its fair value.

13. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest free and repayable on demand.

The Directors consider that the carrying amount of amounts due to directors approximates its fair value.

14. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payment		Present value of minimum lease payment	
	30 September 2009 HK$ (Unaudited)	31 March 2009 HK$ (Audited)	30 September 2009 HK$ (Unaudited)	31 March 2009 HK$ (Audited)
Amounts payable under finance leases:				
Within one year	9,840	9,840	8,854	8,376
In second to fifth year inclusive	9,020	13,940	8,879	13,426
	18,860	23,780	17,733	21,802
Less: Future finance charges	(1,127)	(1,978)		
Present value of lease obligations	17,733	21,802		
Less: Amount due within one year shown under current liabilities			(8,854)	(8,376)
Amount due after one year			8,879	13,426

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 2009, the average effective interest rate was 19.4% 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.

15. DEFERRED TAX

The following are major deferred tax liabilities recognised and movements thereon during the period/year:

	30 September 2009 HK$ (Unaudited)	31 March 2009 HK$ (Audited)
Balance at 1 April	517,564	236,250
Arising on acquisition of subsidiaries *(Note 3)*	151,059,000	517,564
Realised or disposal of subsidiary	–	(236,250)
Balance at 30 September/31 March	151,576,564	517,564

16. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Ordinary shares of		
Authorised:		
At 31 March/30 September 2009 (HK$0.04 each)	3,000,000,000	120,000,000
Issued and fully paid:		
At 31 March/30 September 2009	832,110,000	33,284,400

17. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of directors and key executives as key management of the Group during the period was as period was as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2009 HK$ (Unaudited)	2008 HK$ (Unaudited)	2009 HK$ (Unaudited)	2008 HK$ (Unaudited)
Short-term benefits	510,000	1,005,000	1,020,000	2,030,100
Post-employment benefits	6,000	9,000	12,000	18,000
Share options granted	–	15,946,877	–	15,946,877
	516,000	16,960,877	1,032,000	17,994,977

18. POST BALANCES EVENTS

Pursuant to the announcement dated 16 October 2009, Galileo Capital Group (BVI) Limited (a wholly-owned subsidiary of the Company) as purchaser entered into a conditional sale and purchase agreement (the "Acquisition Agreement") with a connected person of the Company as vendor (the "Vendor") in relation to the acquisition (the "Acquisition") of the entire equity interests of an investment holding company through which the Purchaser shall indirectly hold 95% interests in a mine located in Indonesia. The entering into of the Acquisition Agreement will constitute a major and connected transaction on the part of the Company under Chapters 19 and 20 of the GEM Listing Rules. An announcement containing further details of the Acquisition Agreement was made by the Company dated 4 November 2009.

4. INDEBTEDNESS

As at the close of business on 30 November 2009, the Enlarged Group had outstanding borrowings of approximately HK$216,000 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 30 November 2009 any mortgages, term 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 30 November 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. MANAGEMENT DISCUSSION AND ANALYSIS

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%).

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%).

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 year ended 31 March 2009

Financial Performance

The Group recorded a turnover of continuing operations of HK$181,843,565 for the year ended 31 March 2009, representing an increase of 350% when compared to the turnover of HK$40,422,046 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 year ended 31 March 2009.

The direct costs of continuing operations was increased to HK$29,494,276 from HK$6,867,491 recorded during 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 of continuing operations made an increase of 265% to HK$98,525,648 compared to HK$26,989,201 in 2008. 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 year.

The net profit attributable to equity holders of the Company for the year ended 31 March 2009 was HK$30,086,197 as compared with the net profit of HK$2,386,359 for the last fiscal year.

Liquidity and Financial Resources

As at 31 March 2009, the Group's net assets increased to approximately HK$720,492,000 from net assets of approximately HK$596,685,000 as at 31 March 2008. The bank balances as at 31 March 2009 was approximately HK$10,142,000 as compared to the balance of approximately HK$104,664,000 as at 31 March 2008. The increase in net assets was due to goodwill and property, plant and equipment recognised from acquisition of subsidiaries, trade receivables from the increased turnover. During the year ended 31 March 2009, the Group's operation was mainly financed by the operating activities of the Group.

Gearing Ratio

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 0% (31 March 2008: 1%).

Employee Information

The total number of employees was 482 as at 31 March 2009 (2008: 41), and the total remuneration for the year ended 31 March 2009 was approximately HK$39,571,411 (2008: HK$12,809,000). 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.

Share Consolidation

Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 25 June 2008, the consolidation of ordinary shares in the share capital of Company (on the basis that every two then existing issued and unissued ordinary shares of HK$0.02 each were consolidated into one ordinary share of HK$0.04) was approved and subsequently become effective on 26 June 2008.

Charges on Group Assets

As at 31 March 2009, property, plant and equipment of the Group with net book value of HK$18,873 was held under finance leases (2008: HK$26,682) and no investment properties were pledged as securities for bank loan for the year ended 31 March 2009 (2008: HK$7,560,000).

Contingent Liabilities

As at 31 March 2009, the Group had no contingent liabilities.

Foreign Exchange Exposure

The income and expenditure of the Group are denominated in Hong Kong dollars, PESO and Renminbi, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

Material Acquisition

On 20 May 2008, the Group 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 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.

Discontinued Operations

On 27 October 2008, the Group entered into a sale and purchase agreement with Grand Pacific Management Inc. to dispose of the Group's funeral service business. The Group's management and shareholders approved the disposal of its entire equity interest in Cheung Shing Funeral Limited and Grand Sea Limited, which are engaged in the funeral service business, for a consideration of HK$3,140,779. The Transaction was completed on 26 November 2008.

Revenue

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers and rental income.

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 organized into four business segments 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
Hotel services	– provision of hotel operation and management services

Dividend

No dividend was paid or proposed during the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date (2008: Nil).

Business Review

For the whole year 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 atmosphere. The Board had decided to suspend the financial advisory service. In addition, the funeral services were terminated in December 2008 in order to concentrate the resources on profitable projects.

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.

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

For the six months ended 30 September 2009

Review of Financial Performance

The Group recorded a turnover of continuing operations of approximately HK$88,587,000 for the six months ended 30 September 2009, representing a decrease of 9% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the revenue generated from computer services decline.

The direct costs of continuing operations were increased to approximately HK$29,366,000 from approximately HK$21,657,000 compared with the same period last year. The decrease in gross profit margin was mainly due to arise in movie production cost and revenue recorded in other quarter.

Administrative expenses of continuing operations made a decrease of 18% to approximately HK$34,738,000 compared to approximately HK$41,712,000 in 2008. The decrease was mainly due to the costs incurred by the Company granted options during the corresponding period in the last fiscal year.

The net profit attributable to equity holders of the Company for the six months ended 30 September 2009 was approximately HK$203,239,000, an increase of approximately HK$181,949,000 or more than 848% as compared with the corresponding period in the last fiscal year. The higher profit figure mainly reflected a gain from a bargain purchase generated by the mining acquired in July 2009.

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. Though, the global financial tsunami had caused an adverse effect on consumer spending and investment atmosphere, it seems that the economy of Hong Kong is recovering.

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.

The operation of the resort hotel in Cagayan, the Philippines is very stable now and it gives a very promising return to the Group.

The acquisition of Gold Track Mining and Resources Limited was completed on 17 July 2009. It will provide a great potential for the business growth as the Group is able to step into the natural resources business of Indonesia.

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.

Concerning the mining business in Indonesia, the Board considers that Indonesia has abundant resources to be discovered and explored. After the acquisition of Gold Track Mining and Resources Limited, the Board considers that it has the requisite experience and knowledge in discovery of the natural resources.

Material Acquisition

On 17 July 2009, the Company completed to acquire 54% shares of Gold Track and the liabilities and debts owing or incurred by Gold Track to the vendor due any payable on or at any time prior to the completion at a consideration of HK$8,447,507. The consideration was satisfied by (i) HK$647,507 in interest income receivable; and (ii) HK$7,800,000 in convertible loans on completion. Details of the acquisition are set out in the circular of the Company dated 22 June 2009.

Liquidity and Financial Resources

As of 30 September 2009, the Group's net assets increased by approximately HK$370,632,000 from net assets of approximately HK$720,492,000 as at 31 March 2009. The cash and bank balances as at 30 September 2009 was approximately HK$11,823,000, representing an increase of approximately 17% when compared with the balance as at 31 March 2009. During the six months ended 30 September 2009, the Group's operation was mainly financed by the internal financial resources of the Group.

Charges on Group Assets

As at 30 September 2009, plant and equipment of the Group with net book value of HK$14,968 was held under finance lease (2008: HK$22,774) and no investment properties were pledged as securities for bank loan for the period ended 30 September 2009 (2008: HK$7,560,000).

Contingent Liabilities

As at 30 September 2009, the Group had no contingent liabilities.

Foreign Exchange Exposure

The income and expenditure of the Group were denominated in Hong Kong dollars, Indonesian Rupiah, PESO and Renminbi, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or the arrangements to reduce the currency risk have been implemented.

Employee Information

The total number of employees was 559 as at 30 September 2009 (2008: 597), and the total remuneration for the six months ended 30 September 2009 was approximately HK$16,555,000 (2008: HK$27,306,000). 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.

ACQUISITIONS OF GOLD TRACK MINING AND RESOURCES LIMITED

Background

On 8 October 2008, Galileo Capital Group (BVI) Limited, a wholly-owned subsidiary of the Company entered into the subscription agreement with Gold Track Mining and Resources Limited ("Gold Track Mining") for the subscription of 11,739 shares of Gold Track Mining (representing about 54% of its enlarged share capital) at a total consideration of US$1,005,479, all of which was settled by capitalization of loan due from Gold Track Mining to the Group. Gold Track Mining was incorporated in British Virgin Islands on 16 May 2008. The aforesaid subscription was completed in July 2009. There were no variation to the aggregate remuneration payable to and benefits in kind receivable by the directors of Gold Track Mining and its subsidiaries.

Financial information

Set out below are (i) audited financial information of Gold Track Mining and its subsidiaries for the period from 16 May 2008 (date of incorporation) to 31 March 2009 together with the relevant notes to the accounts and the management discussion and analysis of Gold Track Mining and its subsidiaries as extracted from the accountants' report of the Gold Track Mining and its subsidiaries as set out in Appendix II to the Company's circular dated 22 June 2009; and (ii) the pro forma financial information of the Group as enlarged by the acquisitions of the interest in the Gold Track Mining as extracted from Appendix V to the Company's circular dated 22 June 2009.

(i) Audited financial information of Gold Track Mining and its subsidiaries for the period from 16 May 2008 (date of incorporation) to 31 March 2009 together with the relevant notes to the accounts and the management discussion and analysis of the Gold Track Mining and its subsidiaries as extracted from the accountants' report of the Gold Track Mining and its subsidiaries as set out in Appendix II to the Company's circular dated 22 June 2009.

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	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
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	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						
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 *HK$*	**Computer** *HK$*	**Motor vehicle** *HK$*	**Machine and equipment** *HK$*	**Leasehold improvement** *HK$*	**Total** *HK$*
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 *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
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**	**Salaries, allowance and bonus**	**Retirement scheme**	**Other fringe benefits**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
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	From 1 April 2007 to 31 March 2008	From 7 November 2006 to 31 March 2007
	HK$	*HK$*	*HK$*
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	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						
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	**At 31 March 2008**	**At 31 March 2007**
	HK$	*HK$*	*HK$*
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.

(ii) The pro forma financial information of the Group as enlarged by the acquisitions of the interest in the Gold Track Mining and its subsidiaries as extracted from Appendix V to the Company's circular dated 22 June 2009.

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 (Note 1)	(Note 2)	(Note 3)	The Enlarged Group
	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 1)	*(Note 2)*	
	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

1. 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.

2. 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 1)	*(Note 2)*	
	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 (Note 1)	(Note 2)	The Enlarged Group
	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 (Note 1)	(Note 2)	The Enlarged Group
	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

1. 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.

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 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.

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

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

19 January 2010

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 Coal and Mining Limited ("Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") for the period from 16 May 2008 (date of incorporation) to 30 September 2009 (the "Relevant Period"), including the consolidated statement of financial position of the Target Group and the statement of financial position of Target Company as at 30 September 2009 and the consolidated statement of comprehensive income, the consolidated statement of cash flows 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 19 January 2010 (the "Circular") in connection with the proposed acquisition (the "Acquisition") of the 54% issued share capital of Target Company and all the debts, obligations and liabilities owed from the Target Company to Gold Track Holdings Inc. (the "Vendor"). Galileo Capital Group (BVI) Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) has conditionally agreed to acquire 5,400 shares of the Target Company (representing 54% of the entire issued share capital of the Target Company) and the Sale Loan from the Vendor at a total consideration of HK$76.5 million.

Target Company was established in the British Virgin Islands on 16 May 2008 with limited liability. The registered office of the Target Company is situated at Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands. Target Company 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		Principal activities
				Direct	Indirect	
P.T. ACME Mining and Resources	Indonesia	Ordinary	US$500,000	95	–	Provide mining service and investment holding
P.T. Multi Mineral Magnetic	Indonesia	Ordinary	IDR500,000,000	–	95	Mining of iron ore resources and sales of mineral properties

No statutory financial statements of Target Company have been prepared since the date of incorporation. Target Company 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 Target Company have prepared the financial statements of Target Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Financial Information has been prepared by the directors of Target Company 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 Target Company 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 Target Company, 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 Target Company as at 30 September 2009 and of the consolidated result and cash flow of Target Company 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 TARGET GROUP

Without qualifying our opinion, we draw attention to Note 4(a) of Section II of the Financial Information which indicates that Target Group incurred net loss of HK$1,048,294 for the six months ended 30 September 2009 and Target Group's total liabilities exceeded its total assets by HK$1,169,574 as at 30 September 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 Target Group's ability to continue as a going concern.

I. FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

	Notes	Six Months ended 30 September 2009 HK$	For the period from 16 May 2008 (date of incorporation) to 31 March 2009 HK$
Turnover	9	–	–
Cost of sales		–	–
Gross profit		–	–
Other operating income	10	218	–
Operating expenses		–	–
Administrative expenses		(991,710)	(104,768)
Finance costs		–	–
(Loss) before taxation	11	(991,492)	(104,768)
Income tax expense	12	–	–
(Loss) for the period		(991,492)	(104,768)
Other comprehensive income			
Exchange differences on currency translation		(56,802)	–
Total comprehensive income for the period		(1,048,294)	(104,768)
(Loss) attributable to:			
Owner of the Company		(982,555)	(104,768)
Non-controlling interests		(8,937)	–
		(991,492)	(104,768)
Total comprehensive income attributable to:			
Owner of the Company		(1,036,517)	(104,768)
Non-controlling interests		(11,777)	–
		(1,048,294)	(104,768)

Consolidated Statement of Financial Position

	Notes	At 30 September 2009 HK$	At 31 March 2009 HK$
Non-current assets			
Goodwill	15	5,500,716	–
Property, plant and equipment	16	6,902,302	–
Mining right	17	1,926,789	–
		14,329,807	–
Current assets			
Inventories	19	2,761,579	–
Amount due from related companies	20	38,148,210	21,832,732
Other receivables	21	3,406,569	–
Bank balances and cash	22	6,282,011	78,000
		50,598,369	21,910,732
Current liabilities			
Other payables	23	6,510,792	–
Obligation under finance leases	24	63,473	–
Amount due to shareholders	25	39,000,000	21,937,500
Amount due to related companies	26	20,418,386	–
		65,992,651	21,937,500
Net current (liabilities)		(15,394,282)	(26,768)
Total assets less current liabilities		(1,064,475)	(26,768)
Non-current liabilities			
Obligation under finance lease	24	105,099	–
Net (liabilities)		(1,169,574)	(26,768)
Capital and reserves			
Share capital	27	78,000	78,000
Reserves		(1,141,285)	(104,768)
Equity attributable to equity holders of the Company		(1,063,285)	(26,768)
Non-controlling interests		(106,289)	–
Total equity		(1,169,574)	(26,768)

Statement of Financial Position

	Notes	At 30 September 2009 HK$	At 31 March 2009 HK$
Non-current assets			
Interest in subsidiaries	*18*	23,952,568	–
Current assets			
Amount due from related companies		15,469,710	21,832,732
Other receivables		89,388	–
Bank balances and cash		89,456	78,000
		15,648,554	21,910,732
Current liabilities			
Other payables		858,000	–
Amount due to shareholders		39,000,000	21,937,500
		39,858,000	21,937,500
Net current (liabilities)		(24,209,446)	(26,768)
Net (liabilities)		(256,878)	(26,768)
Capital and reserves			
Share capital	*27*	78,000	78,000
Reserves		(334,878)	(104,768)
Total equity		(256,878)	(26,768)

Consolidated Statement of Changes in Equity

For the period from 16 May 2008 (date of incorporation) to 30 September 2009

	Equity attributable to equity holders of Target Group Reserves					
	Share Capital	Accumulated Loss	Exchange Reserve	Total	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 16 May 2008 (date of incorporation)	–	–	–	–	–	–
Issue of shares on 22 May 2008	78,000	–	–	–	–	78,000
Total comprehensive income	–	(104,768)	–	(104,768)	–	(104,768)
At 31 March 2009	78,000	(104,768)	–	(104,768)	–	(26,768)
Total comprehensive income	–	(982,555)	(53,962)	(1,036,517)	(11,777)	(1,048,294)
Acquisition of subsidiaries	–	–	–	–	(94,512)	(94,512)
At 30 September 2009	78,000	(1,087,323)	(53,962)	(1,141,285)	(106,289)	(1,169,574)

Consolidated Statement of Cash Flows

	Six Months ended 30 September 2009	For the period from 16 May 2008 (date of incorporation) 31 March 2009
	HK$	*HK$*
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(991,492)	(104,768)
Adjustment for:		
Interest income	(218)	–
Depreciation for property, plant and equipment	45,565	–
Operating (loss) before movements in working capital	(946,145)	(104,768)
(Increase) in inventories	(2,368,829)	–
(Increase) in amount due from related companies	(14,443,618)	(21,832,732)
Decrease in other receivables	2,663,237	–
Increase in other payables	857,010	–
Increase in amount due to shareholders	17,062,500	21,937,500
Increase in amount due to related companies	1,103,437	–
Cash generated from operating activities	3,927,592	–
Bank interest income	218	–
Net cash generated from operating activities	3,927,810	–
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(71,340)	–
Acquisition of subsidiary	5,807,657	–
Net cash generated from investing activities	5,736,317	–

	Six Months ended 30 September 2009 *HK$*	For the period from 16 May 2008 (date of incorporation) 31 March 2009 *HK$*
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	78,000
Net cash generated from financing activities	–	78,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,664,127	78,000
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	78,000	–
Effect of foreign exchange rates changes	(3,460,116)	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,282,011	78,000
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	6,282,011	78,000

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Target Company is principally engaged in investment holding during the Relevant Period and the principal activities of its subsidiaries are set out in note 18.

The functional currency of the Target Company 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. In addition, the financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

The Target 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 Target 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 Gold Track Coal Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement[1]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[1]
HKFRS 3 (Revised)	Business Combination[1]
HKFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010

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.

Judgments 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 the Target Group to meet in full its financial obligations as they fall due for the foreseeable future.

(b) Basis of consolidation

The Financial Information includes the financial statement of the Target Company and its subsidiaries made up to 30 September 2009.

The results of subsidiaries acquired or disposed of during the periods are included in the consolidated statement of comprehensive income 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 Target Group and cease to be consolidated from the date on which the Target 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:

Computer	30%
Office Equipment	20%
Furniture and fixture	20%
Motor vehicles	20%
Machinery and equipment	20%
Buildings	4%

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

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

(d) 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 the Target Group and the proven and probable reserves of the mines. Mining rights are written off to the statement of comprehensive income if the mining property is abandoned.

(e) Goodwill

Goodwill arising from an acquisition of a subsidiary represents the excess of the cost of acquisition over the Target 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 statement of financial position.

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. Any impairment loss for goodwill is recognised directly in the statement of comprehensive income. 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.

(f) Subsidiaries

A subsidiary is a company in which the Target Company 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 statement of financial position of the Target Company 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 statement of comprehensive income.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Target 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 statement of comprehensive income.

Financial assets

The Target 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 reporting date subsequent to initial recognition, loans and receivables (including amount due from related companies, other receivable and bank balance 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 statement of comprehensive income 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 Target 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 Target Group after deducting all of its liabilities. The financial liabilities of the Target 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 (including other payables, obligation under finance leases, amount due to shareholders and amount due to related companies) 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 the Target 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 the Target 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 statement of comprehensive income.

For financial liabilities, they are removed from the Target 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 statement of comprehensive income.

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

At each reporting date, the Target 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.

(i) 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.

(j) 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 statement of comprehensive income over the period of the borrowings using the effective interest method.

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

(k) 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 statement of comprehensive income 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. Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting 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.

(l) Turnover

Turnover represents dividend income received and receivable.

(m) Revenue recognition

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

(n) 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.

(o) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Target Group are measured using the currency of the primary economic environment in which the Target 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 statement of comprehensive income.

(c) Group companies

The results and financial position of all the Target 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 reporting sheet;

(2) income and expenses for each statement of comprehensive income 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 other comprehensive income.

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.

(p) Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expenses in the statement of comprehensive income on a straight-line basis over the lease term.

Finance lease

Leases that substantially transfer to the Target Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalized at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as obligations under finance leases. Lease payments are appointed between finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over their estimated useful lives.

(q) Provision

Provisions are recognised when the Target Group has a present obligation as a result of a past event, and it is probable that the Target 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 reporting date, and are discounted to present value where the effect is material.

(r) 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 the Target 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.

(s) Related parties

A party is considered to be related to the Target Group if:

i. directly, or indirectly through one or more intermediaries, the party controls, or is controlled by, or is under common control with, the Target Group; or has an interest in the Target Group that gives it significant influence over the Target Group; or has joint control over the Target Group;

ii. the party is an associate of the Target Group;

iii. the party is a joint venture in which the Target Group is a venturer;

iv. the party is a member of key management personnel of the Target Group or the Target Group's parent;

v. the party is a close family member of any individual referred to in (i) or (iv);

vi. the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. the party is a post-employment benefit plan which is for the benefit of employees of the Target Group, or of any entity that is a related party of the Target Group.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Market risk

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

Foreign exchange risk

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

(b) Credit risk

At 30 September 2009, the Target 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. The Target Group maintains flexibility in funding by maintaining availability under common credit lines.

The following tables detail the Target 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 the Target 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	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
At 30 September 2009						
Other payables	–	6,510,792	–	–	6,510,792	6,510,792
Obligation under finance lease	–	63,473	105,099	–	168,572	168,572
Amount due to shareholders	–	39,000,000	–	–	39,000,000	39,000,000
Amount due to related companies	–	20,418,386	–	–	20,418,386	20,418,386
		65,992,651	105,099	–	66,097,750	66,097,750
At 31 March 2009						
Amount due to shareholders	–	21,937,500	–	–	21,937,500	21,937,500

Company

	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
At 30 September 2009						
Amount due to shareholders	–	39,000,000	–	–	39,000,000	39,000,000
Other payables	–	858,000	–	–	858,000	858,000
		39,858,000	–	–	39,858,000	39,858,000
At 31 March 2009						
Amount due to shareholders	–	21,937,500	–	–	21,937,500	21,937,500

6. CAPITAL RISK MANAGEMENT

The Target Group's objectives of managing capital are to safeguard the Target 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 the Target Group's risk management capability.

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

The Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at reasonable level. The gearing ratios at 30 September 2009 and 31 March 2009 are as follows:

	At 30 September 2009	At 31 March 2009
Total liabilities	66,097,750	21,937,500
Total assets	64,928,176	21,910,732
Gearing ratio	102%	100%

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments 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.

The Target 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 Target Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 4(e). 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(e).

Impairment of assets

The Target 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 mining rights

The carrying value of mining rights 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 the Target 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.

Useful lives of property, plant and equipment

The Target Group determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Target Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

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 the Target Company 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 the Target Group during the Relevant Period.

10. OTHER OPERATING INCOME

	Six months ended 30 September 2009	For the period from 16 May 2008 (date of incorporation) to 31 March 2009
	HK$	*HK$*
Bank interest income	218	–

11. (LOSS) BEFORE TAXATION

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

	Six months ended 30 September 2009	For the period from 16 May 2008 (date of incorporation) to 31 March 2009
	HK$	*HK$*
Staff cost including director's remuneration	60,513	–
Depreciation for property, plant and equipment – owned assets	45,565	–

12. INCOME TAX EXPENSE

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

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

13. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

During the Relevant Period, no emoluments was paid or payable by the Target 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 the Target Company have not waived any emoluments during the Relevant Period.

	For the six months ended 30 September 2009				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Gold Track Holdings Inc.	–	–	–	–	–
Chan Ping Che	–	–	–	–	–
	–	–	–	–	–

	For the period from 16 May 2008 (date of incorporation) to 31 March 2009				
	Fee	**Salaries, allowance and bonus**	**Retirement scheme**	**Other fringe benefits**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Gold Track Holdings Inc.	–	–	–	–	–
Chan Ping Che	–	–	–	–	–
	–	–	–	–	–

(b) Five highest paid individuals

	Six months ended 30 September 2009	For the period from 16 May 2008 (date of incorporation) to 31 March 2009
	HK$	*HK$*
Salaries and allowances	60,513	–
Contribution to retirement Benefit scheme	–	–
	60,513	–

The emoluments were within the following bands:

	Six months ended 30 September 2009	For the period from 16 May 2008 (date of incorporation) to 31 March 2009
Nil to HK$1,000,000	2	–

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. GOODWILL

	HK$
Cost	
At 16 May 2008 and 31 March 2009	–
Acquisition of subsidiaries	5,500,716
At 30 September 2009	5,500,716
Impairment	
At 16 May 2008 and 31 March 2009	–
Impairment loss recognised	–
At 30 September 2009	–
Net book value	
At 30 September 2009	5,500,716
At 31 March 2009	–
At 16 May 2008	–

During the Relevant Period, the Target 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture *HK$*	Computer *HK$*	Motor vehicle *HK$*	Machine and equipment *HK$*	Building *HK$*	Total *HK$*
Cost						
At 16 May 2008 and 31 March 2009	–	–	–	–	–	–
Additions through acquisition of subsidiaries	25,817	3,997	291,205	1,535,618	4,998,289	6,854,926
Additions	–	–	–	16,824	54,516	71,340
Exchange difference	2,757	86	6,235	33,239	107,015	149,332
At 30 September 2009	28,574	4,083	297,440	1,585,681	5,159,820	7,075,598
Accumulated depreciation						
At 16 May 2008 and 31 March 2009	–	–	–	–	–	–
Additions through acquisition of subsidiaries	9,507	600	27,917	43,745	43,089	124,858
Charge for the period	85	102	4,249	24,043	17,086	45,565
Exchange difference	446	13	597	938	879	2,873
At 30 September 2009	10,038	715	32,763	68,726	61,054	173,296
Net book value						
At 30 September 2009	18,536	3,368	264,677	1,516,955	5,098,766	6,902,302
At 31 March 2009	–	–	–	–	–	–
At 16 May 2008	–	–	–	–	–	–

17. MINING RIGHT

	HK$
Cost	
At 16 May 2008 and 31 March 2009	–
Additions through acquisition of subsidiaries	2,155,887
Exchange difference	46,158
At 30 September 2009	2,202,045
Accumulated amortisation	
At 16 May 2008 and 31 March 2009	–
Additions through acquisition of subsidiaries	269,486
Exchange difference	5,770
At 30 September 2009	275,256
Net book value	
At 30 September 2009	1,926,789
At 31 March 2009	–
At 16 May 2008	–

The carrying value of mining rights shown above represents the expenses incurred for the acquisition of the relevant governmental exploration licence which is granted by the Indonesian government for locating and discovering the natural resources in or around the nearby area of the mine located in Padang, Sumatra, Indonesia.

18. INTEREST IN SUBSIDIARIES

		At 30 September 2009	At 31 March 2009
		HK$	*HK$*
Unlisted investments, at cost		3,705,000	–
Less: impairment loss		–	–
		3,705,000	–
Amount due from a subsidiary	*Note*	20,247,568	–
		23,952,568	–

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		Principal activities
				Direct	Indirect	
P.T. ACME Mining and Resources	Indonesia	Ordinary	US$500,000	95	–	Provide mining service and investment holding
P.T. Multi Mineral Magnetic	Indonesia	Ordinary	IDR500,000,000	–	95	Mining of iron ore resources and sales of mineral properties

The Target Company acquired 95% of equity interest in P.T. ACME Mining and Resources ("P.T. ACME") for an aggregate of US$475,000 on 10 September 2009.

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

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

The amount due is unsecured, interest free and has no fixed repayment term. The directors of the Target Company consider that the carrying amounts of amount due at 30 September 2009 approximate their fair value.

19. INVENTORIES

	At 30 September 2009	At 31 March 2009
	HK$	*HK$*
Work in progress	2,761,579	–

20. AMOUNT DUE FROM RELATED COMPANIES

Details of loans to related companies disclosed pursuant to Section 161B of the Companies Ordinance are set out below:

	Maximum outstanding during the period			
	At 30 September 2009	**At 31 March 2009**	**At 30 September 2009**	**At 31 March 2009**
	HK$	*HK$*	*HK$*	*HK$*
Name of related party				
P.T. ACME Mining and Resources	–	20,485,048	–	20,485,048
ACME Mining and Resources Inc	15,469,710	1,347,684	15,469,710	1,347,684
P.T. Setia Kawan Minerals	11,339,250	–	11,339,250	–
P.T. Guna Mitra Jasa	11,339,250	–	11,339,250	–
			38,148,210	21,832,732

The amounts are unsecured, interest free and have no fixed repayment terms. The directors of the Target Company consider that the carrying amount of amount due from related companies as at 30 September 2009 approximates to its fair value.

21. OTHER RECEIVABLES

	At 30 September 2009	**At 31 March 2009**
	HK$	*HK$*
Prepayment	755,865	–
Deposit paid	2,391,125	–
Other receivable	259,579	–
	3,406,569	–

The directors of the Target Company consider that the carrying amount of the Target Group's other receivables at 30 September 2009 approximate to their fair values.

22. BANK BALANCES AND CASH

	At 30 September 2009	**At 31 March 2009**
	HK$	*HK$*
Bank balances and cash	6,282,011	78,000

The Target Group's bank balances and cash denominated in Hong Kong dollars, United States dollars and Indonesian Rupiah.

23. OTHER PAYABLES

	At 30 September 2009 *HK$*	At 31 March 2009 *HK$*
Trade deposit received	858,000	–
Other payables	5,652,792	–
	6,510,792	–

The directors of the Target Company consider that the carrying amount of the Target Group's trade deposit received and other payables at 30 September 2009 approximate to their fair values.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payment		Present value of Minimum lease payment	
	At 30 September 2009 *HK$*	At 31 March 2009 *HK$*	At 30 September 2009 *HK$*	At 31 March 2009 *HK$*
Amount payables under finance lease:				
Within one year	84,885	–	63,473	–
In the second to fifth year inclusive	120,084	–	105,099	–
	204,969	–	168,572	–
Less: Future finance charge	(36,397)	–	–	–
Present value of lease obligation	168,572	–	168,572	–
Less: Amount due within one year Shown under current liabilities			63,473	–
Amount due shown under Non-current liabilities			105,099	–

25. AMOUNT DUE TO SHAREHOLDERS

These amounts are unsecured, interest free and have no fixed repayment terms. The directors of the Target Company consider that the carrying amount of amount due to shareholders as at 30 September 2009 approximates to its fair value.

26. AMOUNT DUE TO RELATED COMPANIES

These amount are unsecured, interest free and have no fixed repayment terms. The directors of the Target Company consider that the carrying amount of amount due to related companies approximates to its fair value.

27. SHARE CAPITAL

	At 30 September 2009 *HK$*	At 31 March 2009 *HK$*
Authorised		
50,000 ordinary shares of US$1 each	390,000	390,000
Issued and fully paid		
10,000 ordinary shares of US$1 each	78,000	78,000

The Target Company 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.

28. MATERIAL RELATED PARTY TRANSACTIONS

The Target Group had not entered into any transaction with related parties.

Compensation by key management personnel of the Target Group represented the director's remuneration as disclosed in Note 13 to the Financial Information.

29. CAPITAL COMMITMENT

Capital commitment at the reporting date but not yet record are as follows:

	At 30 September 2009 *HK$*	At 31 March 2009 *HK$*
Property, plant and equipments		
Contracted but not provided for	2,629,717	–
Authorised but not contracted for	–	–
	2,629,717	–

30. CONTINGENT LIABILITIES

The Target Group did not have any significant contingent liabilities at 30 September 2009.

31. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 September 2009.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Target Group in respect of any period subsequent to 30 September 2009. No dividend has been declared, made or paid by Target Group in respect of any period subsequent to 30 September 2009.

33. ULTIMATE HOLDING COMPANY

The directors consider Target 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.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 19 January 2010.

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

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON THE RESULTS OF OPERATIONS OF THE TARGET GROUP FOR THE PERIOD ENDED 31 MARCH 2009 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Turnover

As the Target Group has not commenced business, no turnover has been recorded during the review period.

Other revenue

Other revenue for the six months ended 30 September 2009 amounted to HK$218 which represents the bank interest income.

Cost of sales

As the Target Group has not commenced business, no cost of sales has been recorded during the review period.

Operating expenses

As the Target Group has not commenced business, no operating expenses have been recorded during the review period.

Administrative expenses

Administrative expenses for the period ended 31 March 2009 and for the six months ended 30 September 2009 amounted to HK$104,768 and HK$991,710 respectively. The 846% increase of the expenses as compare the figure for the period ended 31 March 2009 to the six months ended 30 September 2009 was mainly attributable to the increase in exchange difference and salary expense.

Finance costs

There were no finance costs for the period ended 31 March 2009 and for the six months ended 30 September 2009

Income tax expenses

Income tax expenses had been provided in accordance with the tax rules of the relevant jurisdiction.

ANALYSIS ON THE FINANCIAL POSITION OF THE TARGET GROUP FOR THE PERIOD ENDED 31 MARCH 2009 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Liquidity and financial resources

During the period ended 31 March 2009 and for the six months ended 30 September 2009, the Target Group funded its operation from the cash advanced from shareholders and related companies.

The board of directors of the Company is confident that the Target Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

Charge of assets

The Target Group did not have any pledged assets as at 31 March 2009 and 30 September 2009.

Net current liabilities

As at 31 March 2009 and 30 September 2009, the net current liabilities of the Target Group were HK$26,768 and HK$15,394,282 respectively.

The current ratios of the Target Group as at 31 March 2009 and 30 September 2009 were 1.00 and 0.77 respectively.

Gearing ratio

As at 31 March 2009 and 30 September 2009, the gearing ratios were 100% and 102% respectively.

Capital structure

As at 31 March 2009 and 30 September 2009, the issued share capital of the Target Company was HK$78,000, comprise of 10,000 issued and fully paid ordinary shares of US$1.00 each.

Contingent liabilities

As at 31 March 2009 and 30 September 2009, the Target Group had no contingent liabilities.

Exchange risk and hedging

The revenue was mainly denominated in United State Dollars and cost of sales of the Target Group was mainly denominated in Indonesian Rupiah and therefore the Target Group was exposed to material foreign currency risk.

Significant investments held

During the period ended 31 March 2009 and six months ended 30 September 2009, the Target Group had no significant investments held.

Material acquisitions and disposal and significant investments

During the period ended 31 March 2009 and six months ended 30 September 2009, the Target Group had not made any material acquisitions and disposal of subsidiaries and affiliated companies and investments.

Segmental information

During the period ended 31 March 2009 and six months ended 30 September 2009, the Target Group was solely engaged in the mining iron ore resources.

Employees and remuneration

As at 31 March 2009 and 30 September 2009, the Target Group had Nil and 44 staffs respectively. The total remuneration for the period ended 31 March 2009 and six months ended 30 September 2009 were HK$ Nil and HK$60,513 respectively.

Future prospects

Indonesia is exceptionally rich in mining resources and the government's policy of opening the market is favourable to foreign developers. In addition, the low production cost, low operation expenditure and cheap labour further facilitates the mining operation. All of them are advantageous to the future development of Target Group. Given the demand for iron is likely to increase due to the needs of the developing countries, the Target Group should be able to benefit from both low costs and higher selling prices.

The Target Group's ore bed is directly exposed on the ground surface which allows an easy, efficient and effective exploitation work. There is an established transportation network including a highway which makes it easy to transport iron ore from the Target Group's mining area to the port. The port is only 92km away from the Target Group's iron mine. The low transportation cost is definitely an advantage for the mining operation. The Directors are optimistic about the profitability of the Target Group. It is expected that the Target Group will be able to contribute profits to the Group in the foreseeable future.

Furthermore, P.T. Multi has also obtained the exploitation permit for a neighboring iron mine in August 2004. However, the potential resources of this neighboring iron mine is not yet determined and it is currently considered to be of no economic value by the Directors. The Group will not develop and exploit such neighboring mine. Also, the exploitation permit for such mine will soon expire in October 2010 and the Group will not apply for renewal of such permit.

Future plans for material investments or capital assets

As at 30 September 2009, no future plan for material investments or capital assets in the foreseeable future.

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

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

19 January 2010

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 P.T. ACME Mining and Resources ("P.T. ACME") for the period from 5 February 2009 (date of incorporation) to 30 September 2009 (the "Relevant Period"), including the statement of financial position of P.T. ACME as at 30 September 2009, the statement of comprehensive income, the statement of cash flows 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 19 January 2010 (the "Circular") in connection with the proposed acquisition (the "Acquisition") of the 54% issued share capital of Gold Track Coal and Mining Limited (the "Target Company") and all the debts, obligations and liabilities owed from the Target Company to Gold Track Holdings Inc. (the "Vendor"). Galileo Capital Group (BVI) Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) has conditionally agreed to acquire 5,400 shares of the Target Company (representing 54% of the entire issued share capital of the Target Company) and the Sale Loan from the Vendor at a total consideration of HK$76.5 million.

P.T. ACME was established in Indonesia on 5 February 2009 with limited liability. The registered office of P.T. ACME is situated at Menara Global Lt.12, Suite B&C, JI Jend. Gatot Subroto Kav.27, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan 12950. P.T. ACME is principally engaged in investment holding during the Relevant Period. Gold Track acquired 95% of equity interest in P.T. ACME on 10 September 2009. No statutory financial statements of P.T. ACME have been prepared since the date of incorporation. P.T. ACME adopts 30 September as its financial year end date and the first financial statements will be prepared for the period ended 30 September 2009.

BASIS OF PREPARATION

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

The Financial Information has been prepared by the directors of P.T. ACME 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 P.T. ACME 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 P.T. ACME, 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 P.T. ACME as at 30 September 2009 and of the result and cash flow of P.T. ACME for the Relevant Period in accordance with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Statement of Comprehensive Income

For the period from 5 February 2009 to 30 September 2009

	Notes	*HK$*
Turnover	*9*	–
Cost of sales		–
Gross profit		–
Other operating income	*10*	3,900
Administrative expenses		(2,618,454)
Finance costs	*11*	(6,315)
Loss before taxation	*12*	(2,620,869)
Income tax expense	*13*	–
Loss for the period		(2,620,869)
Other comprehensive income:		
Exchange differences on currency translation		527,153
Total comprehensive income for the period		(2,093,716)

Statement of Financial Position
As at 30 September 2009

	Notes	*HK$*
Non-current assets		
Property, plant and equipment	*16*	6,815,290
Investment in a subsidiary	*17*	390,000
		7,205,290
Current assets		
Inventories	*18*	2,761,579
Amount due from related parties	*19*	22,678,500
Amount due from a director	*20*	19,198
Other receivables	*21*	3,035,593
Bank balances and cash	*22*	6,191,360
		34,686,230
Current liabilities		
Amount due to an immediate holding company	*23*	19,664,927
Amount due to a related company	*23*	20,418,386
Obligations under finance leases	*24*	59,487
		40,142,800
Net current liabilities		(5,456,570)
Total assets less current liabilities		1,748,720
Non-current liabilities		
Obligations under finance leases	*24*	104,102
Net assets		1,644,618
Capital and reserves		
Share capital	*25*	3,738,334
Reserves		(2,093,716)
Total equity		1,644,618

Statement of Changes in Equity

For the period from 5 February 2009 to 30 September 2009

		Reserves			
	Share Capital	Foreign Currency Translation reserve	Retained earnings	Subtotal	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 5 February 2009 (date of incorporation)	3,738,334	–	–	–	3,738,334
Total comprehensive income	–	527,153	(2,620,869)	(2,093,716)	(2,093,716)
At 30 September 2009	3,738,334	527,153	(2,620,869)	(2,093,716)	1,644,618

Statement of Cash Flows
For the period from 5 February 2009 to 30 September 2009

	HK$
Operating activities	
Loss before taxation	(2,620,869)
Adjustment for:	
Depreciation	134,588
Bank interest income	(2,324)
Bank interest expenses	20
Finance lease interest	6,295
Operating profit before movements in working capital	(2,482,290)
Increase in inventories	(2,530,378)
Increase in amount due from related parties	(20,779,848)
Increase in amount due from a director	(17,591)
Increase in other receivables	(2,781,452)
Increase in amount due to an immediate holding company	18,018,573
Increase in amount due to a related company	18,708,951
Cash generated from operating activities	8,135,965
Bank interest income	2,324
Bank interest expenses	(20)
Finance lease interest	(6,295)
Net cash generated from operating activities	8,131,974
Investing activities	
Acquisition of a subsidiary	(365,000)
Purchase of property, plant and equipment	(6,379,300)
Net cash used in investing activities	(6,744,300)
Financing activities	
Proceeds from issue of shares	4,135,450
Proceed from new finance leases obligation	163,520
Repayment of finance leases obligation	(13,627)
Net cash generated from financing activities	4,285,343
Net increase in cash and cash equivalents	5,673,017
Cash and cash equivalents at the beginning of the period	–
Effect of foreign exchange rates changes	518,343
Cash and cash equivalents at the end of the period	6,191,360
Analysis of the balance of cash and cash equivalents	
Bank balances and cash	6,191,360

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

P.T. ACME is principally engaged in provide mining services and investment holding during the Relevant Period and the principal activities of its subsidiary are set out in note 17.

The functional currency of P.T. ACME 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")

P.T. ACME 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 P.T. ACME anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of P.T. ACME.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement[1]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[1]
HKFRS 3 (Revised)	Business Combination[1]
HKFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations [1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010

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. Revision 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:

Computer	30%
Furniture and fixture	20%
Motor vehicle	20%
Machinery and equipment	20%
Buildings	4%

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

Costs incurred in maintaining property, plant and equipment in their normal working conditions are charged to the statement of comprehensive income. Improvements are capitalised and depreciated over their expected useful lives to P.T. ACME.

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 statement of comprehensive income.

(c) Subsidiaries

A subsidiary is a company in which P.T. ACME 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 statement of financial position of P.T. ACME 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 statement of comprehensive income.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost represents the actual cost of purchases and directly related attributable cost determined on the FIFO basis. Net realisable value is determined by reference to the sale proceeds of the items sold in the ordinary course of business subsequent to the balance sheet date or management estimates based on prevailing market conditions.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when P.T. ACME 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 statement of comprehensive income.

Financial assets

P.T. ACME'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 reporting date subsequent to initial recognition, loans and receivables (including amount due from related parties, amount due from a director, 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 statement of comprehensive income 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 P.T. ACME 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 P.T. ACME after deducting all of its liabilities. The financial liabilities of P.T. ACME 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, amount due to a related company and obligation under finance leases) 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 P.T. ACME 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 P.T. ACME 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 statement of comprehensive income.

For financial liabilities, they are removed from P.T. ACME's statement of financial position 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 statement of comprehensive income.

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

At each reporting date, P.T. ACME 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 statement of comprehensive income 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. ACME's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting 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 statement of financial position 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 reporting 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 statement of comprehensive income, 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.

(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 P.T. ACME are measured using the currency of the primary economic environment in which P.T. ACME operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is P.T. ACME's presentation currency. P.T. ACME's functional currency is Indonesia Rupiah.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Exchange differences are recognised in profit or loss in the period in which they arise. For the purpose of presenting the results and financial position of P.T. ACME to the presentation currency, the assets and liabilities are translated using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

(l) Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained yb the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expenses in the statement of comprehensive income on a straight-line basis over the lease term.

Finance lease

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalized at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as obligations under finance leases. Lease payments are appointed between finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over their estimated useful lives.

(m) Provision

Provisions are recognised when P.T. ACME has a present obligation as a result of a past event, and it is probable that P.T. ACME 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 reporting 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 P.T. ACME. 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

A party is considered to be related to the P.T. ACME if:

i. directly, or indirectly through one or more intermediaries, the party controls, or is controlled by, or is under common control with, the P.T. ACME; or has an interest in the P.T. ACME that gives it significant influence over the P.T. ACME; or has joint control over the P.T. ACME;

ii. the party is an associate of the P.T. ACME;

iii. the party is a joint venture in which the P.T. ACME is a venturer;

iv. the party is a member of key management personnel of the P.T. ACME or the P.T. ACME's parent;

v. the party is a close family member of any individual referred to in (i) or (iv);

vi. the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. the party is a post-employment benefit plan which is for the benefit of employees of the P.T. ACME, or of any entity that is a related party of the P.T. ACME.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

P.T. ACME's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. P.T. ACME's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on P.T. ACME'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 P.T. ACME's operations, the directors of P.T. ACME consider that P.T. ACME's operation are mainly subject to foreign exchange risk and cash flow and fair value interest rate risk.

Foreign exchange risk

P.T. ACME'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.

P.T. ACME 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 30 September 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$43,789 lower/higher. The equity would have been HK$43,789 lower/higher.

(b) Credit risk

At 30 September 2009, P.T. ACME has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of the financial assets, including inventories amount due from related parties, amount due from a director, 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. P.T. ACME maintains flexibility in funding by maintaining availability under common credit lines.

The following tables detail P.T. ACME'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 P.T. ACME 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
At 30 September 2009						
Amount due to an immediate holding company	–	19,664,927	–	–	19,664,927	19,664,927
Amount due to a related company	–	20,418,386	–	–	20,418,386	20,418,386
Obligations under finance leases	–	59,487	104,102	–	163,589	163,589
		40,142,800	104,102	–	40,246,902	40,246,902

6. CAPITAL RISK MANAGEMENT

P.T. ACME's objectives of managing capital are to safeguard P.T. ACME'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 P.T. ACME's risk management capability.

In order to maintain or adjust the capital structure, P.T. ACME's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

P.T. ACME monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. P.T. ACME aims to maintain the gearing ratio at reasonable level. The gearing ratios at 30 September 2009 are as follows.

	At 30 September 2009
Total liabilities	40,246,902
Total assets	41,891,520
Gearing ratio	96%

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

P.T. ACME 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.

Useful lives of property, plant and equipment

P.T. ACME determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. P.T. ACME will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of assets

P.T. ACME 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 P.T. ACME 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 P.T. ACME during the Relevant Period.

10. OTHER OPERATING INCOME

Other operating income included the followings:

	From 5 February 2009 to 30 September 2009 *HK$*
Exchange gain	1,576
Bank interest income	2,324
	3,900

11. FINANCIAL COST

	From 5 February 2009 to 30 September 2009
	HK$
Bank interest	20
Finance lease interest	6,295
	6,315

12. LOSS BEFORE TAXATION

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

	From 5 February 2009 to 30 September 2009
	HK$
Depreciation – owned assets	115,122
– assets held under finance lease	19,466
Minimum lease payments under operating leases in respect of land and buildings	165,199
Staff cost including director's remuneration	684,316

13. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as P.T. ACME did not generate any assessable profits during the Relevant Period.

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

14. DIRECTORS' REMUNERATION

During the Relevant Period, no emoluments was paid or payable by P.T. ACME 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 P.T. ACME have not waived any emoluments during the Relevant Period.

	For the period from 5 February 2009 to 30 September 2009				
	Fee	Salaries, allowance And bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Chow Chung Tao *(Note 1)*	–	–	–	–	–
Yeung So Lai *(Note 1)*	–	–	–	–	–
	–	–	–	–	–

Note: Chow Chung Tao and Yeung So Lai are appointed on 5 February 2009.

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. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and fixture	Computer	Motor vehicle	Machine and equipment	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 5 February 2009	–	–	–	–	–	–
Additions	4,684,643	7,100	3,741	233,600	1,450,216	6,379,300
Exchange difference	428,035	649	342	21,344	132,506	582,876
At 30 September 2009	5,112,678	7,749	4,083	254,944	1,582,722	6,962,176
Accumulated depreciation						
At 5 February 2009	–	–	–	–	–	–
Charge for the year	52,163	615	655	19,466	61,689	134,588
Exchange difference	4,766	56	60	1,779	5,637	12,298
At 30 September 2009	56,929	671	715	21,245	67,326	146,886
Net book value						
At 30 September 2009	5,055,749	7,078	3,368	233,699	1,515,396	6,815,290

The net book value of motor vehicle includes an amount of HK$233,699 in respect of assets held under finance leases. Depreciation charge includes an amount of HK$19,466 in respect of this type of assets.

17. INVESTMENT IN A SUBSIDIARY

	At 30 September 2009
	HK$
Unlisted investments, at cost	390,000
Less: impairment loss	–
	390,000

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

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

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 Direct	Indirect	Principal activities
P.T. Multi Mineral Magnetic	Indonesia	Ordinary	IDR500,000,000	–	100	Mining exploration

18. INVENTORIES

	At 30 September 2009 HK$
Work in progress	2,761,579

19. DUE FROM RELATED PARTIES

Details of loans to related parties disclosed pursuant to Section 161B of the Companies Ordinance are set out below:

	Maximum outstanding during the period HK$	At 30 September 2009 HK$
Name of related party		
P.T. Setia Kawan Minerals	11,339,250	11,339,250
P.T. Guna Mitra Jasa	11,339,250	11,339,250
		22,678,500

The amounts are unsecured, interest free and have no fixed repayment terms. The directors of P.T. ACME consider that the carrying amount of amount due from related parties as at 30 September 2009 approximates to its fair value.

20. DUE FROM A DIRECTOR

Details of loans to directors disclosed pursuant to Section 161B of the Companies Ordinance are set out below:

	Maximum outstanding during the period HK$	At 30 September 2009 HK$
Name of director		
Chow Chung Tao	19,198	19,198

The amount is unsecured, interest free and has no fixed repayment terms. The directors of P.T. ACME consider that the carrying amount of amount due from directors as at 30 September 2009 approximates to its fair value.

21. OTHER RECEIVABLES

	At 30 September 2009
	HK$
Deposits paid	2,313,125
Prepayment	722,468
	3,035,593

The directors of P.T. ACME consider that the carrying amount of P.T. ACME's other receivables as at 30 September 2009 approximate to their fair values.

22. BANK BALANCES AND CASH

	At 30 September 2009
	HK$
Bank balances and cash	6,191,360

All cash and bank balances were denominated in Indonesian Rupiah and United States dollars.

23. AMOUNT DUE TO A DIRECTOR/A RELATED COMPANY

The amounts are unsecured, interest free and have no fixed repayment terms. The directors of P.T. ACME consider that the carrying amount of amount due to related companies approximates to its fair value.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payment At 30 September 2009	Present value of Minimum lease payment At 30 September 2009
	HK$	*HK$*
Amount payables under finance lease:		
Within one year	80,899	59,487
In the second to fifth year inclusive	119,087	104,102
	199,986	163,589
Less: Future finance charge	(36,397)	–
Present value of lease obligation	163,589	163,589
Less: Amount due within one year Shown under current liabilities		59,487
Amount due shown under Non-current liabilities		104,102

25. SHARE CAPITAL

	At 30 September 2009 *HK$*
Authorised	
2,000,000 ordinary shares of US$1 each	14,953,334
Issued and fully paid	
500,000 ordinary shares of US$1 each	3,738,334

P.T. ACME was incorporated on 5 February 2009 with an authorized share capital of US$2,000,000 divided into 2,000,000 ordinary shares of US$1 each. On 5 February 2009, 500,000 ordinary shares were issued to subscriber at par value to provide working capital. There was no movement of share capital after 5 February 2009. The exchange rate is US$1 equal to HK$7.4766.

26. MATERIAL RELATED PARTY TRANSACTIONS

P.T. ACME had not entered into any transaction with related parties.

Compensation by key management personnel of P.T. ACME represented the directors' remuneration as disclosed in Note 14 to the Financial Information.

27. CONTINGENT LIABILITIES

P.T. ACME did not have any significant contingent liabilities at 30 September 2009.

28. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 September 2009.

29. CAPITAL COMMITMENT

Capital commitment at the reporting date but not yet record are as follows:

	At 30 September 2009 *HK$*
Property, plant and equipments	
Contracted but not provided for	2,629,717
Authorised but not contracted for	–
	2,629,717

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for P.T. ACME in respect of any period subsequent to 30 September 2009. No dividend has been declared, made or paid by P.T. ACME in respect of any period subsequent to 30 September 2009.

31. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors consider P.T. ACME'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 incorporated in British Virgin Islands and has not produced financial statements available for public use.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 19 January 2010.

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

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON THE RESULTS OF OPERATIONS OF P.T. ACME DURING THE PERIOD ENDED 30 SEPTEMBER 2009

Turnover

For the period ended 30 September 2009, the company has no income during the period.

Other revenue

Other revenue for the period ended 30 September 2009 amounted to HK$3,900 which represents the exchange gain and bank interest income.

Cost of sales

There was no cost of sales for the period ended 30 September 2009.

Administrative expenses

Administrative expenses for the period ended 30 September 2009 amounted to HK2,618,454.

Finance costs

Finance costs for the period ended 30 September 2009 amounted to HK$6,315 which represents the bank interest and finance lease interest.

Income tax expenses

Income tax expenses had been provided in accordance with the tax rules of the relevant jurisdiction.

ANALYSIS ON THE FINANCIAL POSITION OF P.T. ACME DURING THE PERIOD ENDED 30 SEPTEMBER 2009

Liquidity and financial resources

During the period ended 30 September 2009, P.T. ACME funded its operation from the cash advanced from a director.

Charge of assets

P.T. ACME did not have any pledged assets as at 30 September 2009.

Net current liabilities

As at 30 September 2009, the net current liabilities of P.T. ACME were HK$5,456,570.

The current ratio of the company as at 30 September 2009 was 0.86.

Gearing ratio

As at 30 September 2009, the gearing ratios was 0.96.

Capital structure

The issued share capital of P.T. ACME was HK$3,738,334 as at 30 September 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 30 September 2009, P.T. ACME had no contingent liabilities.

Exchange risk and hedging

There was no significant exposure to fluctuations in exchange rates and related hedges for the period ended 30 September 2009.

Significant investments held

During the period ended 30 September 2009, P.T. ACME had no significant investments held.

Material acquisitions and disposal and significant investments

During the period ended 30 September 2009, P.T. ACME had acquisitions of P.T. Multi as subsidiary.

Segmental information

During the period ended 30 September 2009, P.T. ACME was solely engaged in provide mining services and investment holding in Indonesia.

Employees and remuneration

As at 30 September 2009, P.T. ACME had 8 staffs. The total remuneration for the period ended 30 September 2009 was HK$684,316.

Future prospects

Indonesia is exceptionally rich in mining resources and the government's policy of opening the market is favourable to foreign developers. In addition, the low production cost, low operation expenditure and cheap labour further facilitates the mining operation. All of them are advantageous to the future development of Target Group. Given the demand for iron is likely to increase due to the needs of the developing countries, the Target Group should be able to benefit from both low costs and higher selling prices.

The Target Group's ore bed is directly exposed on the ground surface which allows an easy, efficient and effective exploitation work. There is an established transportation network including a highway which makes it easy to transport iron ore from the Target Group's mining area to the port. The port is only 92km away from the Target Group's iron mine. The low transportation cost is definitely an advantage for the mining operation. The Directors are optimistic about the profitability of the Target Group. It is expected that the Target Group will be able to contribute profits to the Group in the foreseeable future.

Furthermore, P.T. Multi has also obtained the exploitation permit for a neighboring iron mine in August 2004. However, the potential resources of this neighboring iron mine is not yet determined and it is currently considered to be of no economic value by the Directors. The Group will not develop and exploit such neighboring mine. Also, the exploitation permit for such mine will soon expire in October 2010 and the Group will not apply for renewal of such permit.

Future plans for material investments or capital assets

As at 30 September 2009, no future plan for material investments or capital assets in the foreseeable future.

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

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

19 January 2010

The Board of Directors
Sun International Group 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 P.T. Multi Mineral Magnetic ("P.T. Multi"), including the statement of financial position of P.T. Multi as at 31 December 2006, 2007 and 2008 and 30 September 2009, statement of comprehensive income, the cash flow statements and the statements of changes in equity for the year ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 (the "Relevant Periods"), and the notes thereto (the "Financial Information"), for inclusion in the circular of Sun International Group Limited (the "Company") dated 19 January 2010 (the "Circular") in connection with the proposed acquisition (the "Acquisition") of the 54% issued share capital of Gold Track Coal and Mining Limited (the "Target Company") and all the debts, obligations and liabilities owed from the Target Company to Gold Track Holdings Inc. (the "Vendor"). Galileo Capital Group (BVI) Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) has conditionally agreed to acquire 5,400 shares of the Target Company (representing 54% of the entire issued share capital of the Target Company) and the Sale Loan from the Vendor at a total consideration of HK$76.5 million.

P.T. Multi was established in Indonesia on 30 June 2004 with limited liability. The registered office of P.T. Multi is situated at JL. Tim-Tim Blok Y/4 Kel. Ulak Karang Utara Padang. P.T. Multi is principally engaged in mining of iron ore resources and sales of mineral properties during the Relevant Periods. P.T. Multi adopts 31 December as its financial year end date and the first financial statement has been prepared for the year ended 31 December 2005.

As at 30 September 2009, P.T. Multi was owned as to 50% and 50% respectively by two independent third parties. After completion of the Acquisition, the entire issued share capital of each of P.T. Multi would be beneficially owned by P.T. ACME as a result of the share pledge executed in favour of P.T. ACME.

BASIS OF PREPARATION

The financial statements of P.T. Multi for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 (collectively referred to as the "Underlying Financial Statements") were prepared in accordance with the relevant accounting principles and financial regulations applicable to the companies incorporated in Indonesia. The financial statements of P.T. Multi for the years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 were audited by Armanda & Enita, Registered Public Accountants ("Armanda & Enita"). Armanda & Enita is member of the Indonesian Institute of Public Accountants.

The Financial Information for the Relevant Periods as set out in this report has been prepared by the sole director of P.T. Multi based on the Underlying Financial Statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of this report, we have examined the Financial Information and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The sole director of P.T. Multi 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

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of 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 ("HKICPA") and we have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the reporting accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of P.T. Multi in respect of any periods subsequent to 30 September 2009.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgements made by the directors of P.T. Multi in the preparation of the Financial Information, and of whether the accounting policies are appropriate to P.T. Multi circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of the Financial Information. We believe that our audit provides a reasonable basis for our 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 P.T. Multi as at 31 December 2006, 2007 and 2008 and 30 September 2009 and of the result and cash flow of P.T. Multi for each of the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

SIGNIFICANT UNCERTAINTY RELATING TO GOING CONCERN BASIS OF P.T. MULTI

Without qualifying our opinion, we draw attention to Note 4(a) of Section II of the Financial Information which indicates that P.T. Multi incurred net loss of HK$2,947,498 for the nine months ended 30 September 2009 and P.T. Multi's total liabilities exceeded its total assets by HK$3,380,389 as at 30 September 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 P.T. Multi's ability to continue as a going concern.

I. FINANCIAL INFORMATION

Statement of Comprehensive Income

		Nine months ended 30 September	Year ended 31 December		
		2009	2008	2007	2006
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	*9*	–	–	–	2,312,717
Cost of sales		–	–	–	(413,519)
Gross profit		–	–	–	1,899,198
Other income	*10*	–	–	–	335,161
Operating expenses		(2,237,074)	(1,039,379)	(884,650)	(137,616)
Administrative expenses		(391,443)	(461,895)	(413,755)	(175,776)
Finance costs		–	–	–	–
(Loss)/profit before taxation	*11*	(2,628,517)	(1,501,274)	(1,298,405)	1,920,967
Income tax expense	*12*	–	–	–	–
(Loss)/profit for the period/year		(2,628,517)	(1,501,274)	(1,298,405)	1,920,967
Other comprehensive income:					
Exchange differences on currency translation		(318,981)	31,621	(60,376)	79,926
Total comprehensive income for the period/year		(2,947,498)	(1,469,653)	(1,358,781)	2,000,893

Statement of Financial Position

	Notes	At 30 September 2009 HK$	At 31 December 2008 HK$	At 31 December 2007 HK$	At 31 December 2006 HK$
Non-current assets					
Property, plant and equipment	15	87,012	79,308	43,636	5,209
Mining rights	16	1,926,789	1,744,776	2,146,822	2,315,404
		2,013,801	1,824,084	2,190,458	2,320,613
Current assets					
Due from a director	17	–	–	–	56,242
Prepayment and other receivable	18	262,390	94,585	110,730	19,628
Bank balances and cash	19	1,195	1,052	–	–
		263,585	95,637	110,730	75,870
Current liabilities					
Other payable		14,490	9,581	717	940
Obligation under finance lease – current portion	21	3,986	–	11,274	–
		18,476	9,581	11,991	940
Net current assets		245,109	86,056	98,739	74,930
Total assets less current liabilities		2,258,910	1,910,140	2,289,197	2,395,543
Non-current liabilities					
Due to a director	20	5,638,302	2,343,031	1,252,435	–
Obligation under finance lease	21	997	–	–	–
		5,639,299	2,343,031	1,252,435	–
Net (liabilities)/assets		(3,380,389)	(432,891)	1,036,762	2,395,543
Capital and reserves					
Share capital	22	413,550	413,550	413,550	413,550
Reserves		(3,793,939)	(846,441)	623,212	1,981,993
Total equity		(3,380,389)	(432,891)	1,036,762	2,395,543

Statement of Changes in Equity

		Reserves			
	Share capital	**Foreign Currency Translation reserve**	**Retained earnings**	**Subtotal**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2006	413,550	(18,900)	–	(18,900)	394,650
Total comprehensive income	–	79,926	1,920,967	2,000,893	2,000,893
At 31 December 2006	413,550	61,026	1,920,967	1,981,993	2,395,543
Total comprehensive income	–	(60,376)	(1,298,405)	(1,358,781)	(1,358,781)
At 31 December 2007	413,550	650	622,562	623,212	1,036,762
Total comprehensive income	–	31,621	(1,501,274)	(1,469,653)	(1,469,653)
At 31 December 2008	413,550	32,271	(878,712)	(846,441)	(432,891)
Total comprehensive income	–	(318,981)	(2,628,517)	(2,947,498)	(2,947,498)
At 30 September 2009	413,550	(286,710)	(3,507,229)	(3,793,939)	(3,380,389)

Statement of Cash Flow

	Nine months ended 30 September	Year ended 31 December		
	2009	**2008**	**2007**	**2006**
	HK$	*HK$*	*HK$*	*HK$*
Operating activities				
(Loss)/profit before taxation	(2,628,517)	(1,501,274)	(1,298,405)	1,920,967
Depreciation	8,843	15,941	3,614	1,552
Amortisation of mining rights	50,093	74,244	78,778	78,162
Loss on disposal of property, plant and equipment	–	6,120	–	–
	(2,569,581)	(1,404,969)	(1,216,013)	2,000,681
Movement in working capital:				
Decrease/(increase) in due from a director	–	–	55,493	(55,059)
(Increase) in prepayment and other receivable	(140,999)	(1,445)	(94,405)	(9,926)
Increase/(decrease) in other payable	3,283	10,313	(191)	920
Net (used in)/generated from operating activities	(2,707,297)	(1,396,101)	(1,255,116)	1,936,616
Investing activities				
Acquisition of property, plant and equipment	(1,511)	(76,672)	(31,725)	(2,151)
Net cash (used in) investing activities	(1,511)	(76,672)	(31,725)	(2,151)

	Nine months ended 30 September 2009 HK$	Year ended 31 December 2008 HK$	2007 HK$	2006 HK$
Financing activities				
Proceeds/(repayment) of loan from a director	2,708,808	1,479,152	1,286,841	(1,935,411)
Repayment of obligation of finance lease	–	(5,171)	–	–
Net cash generated from/(used in) financing activities	2,708,808	1,473,981	1,286,841	(1,935,411)
Net increase/(decreased) in cash and cash equivalents	–	1,208	–	(946)
Cash and cash equivalents at the beginning of the period/year	1,052	–	–	879
Effects of exchange rate changes	143	(156)	–	67
Cash and cash equivalents at the end of the period/year	1,195	1,052	–	–

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

P.T. Multi was established in Indonesia with limited liability. The address of the registered office of P.T. Multi is situated at JL. Tim-Tim Blok Y/4 Kel. Ulak Karang Utara Padang.

P.T. Multi is principally engaged in mining iron ore resources and sales of mineral properties during the Relevant Periods.

The functional currency of P.T. Multi 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. In addition, the financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

P.T. Multi has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[b]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement[a]
HKAS 39 (Amendments)	Eligible Hedged Items[a]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[a]
HKFRS 3 (Revised)	Business Combination[a]
HKFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations[a]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[a]

(a) Effective for annual periods beginning on or after 1 July 2009

(b) Effective for annual periods beginning on or after 1 January 2010

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. Revision 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 P.T. Multi to meet in full its financial obligations as they fall due for the foreseeable future.

(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:

Buildings	4% per annum
Machinery and equipment	20% per annum
Furniture and fixture	20% per annum
Motor vehicles	20% pre annum

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

Costs incurred in maintaining property, plant and equipment in their normal working conditions are charged to the statement of comprehensive income. Improvements are capitalised and depreciated over their expected useful lives to P.T. Multi.

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 statement of comprehensive income.

(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 P.T. Multi and the proven and probable reserves of the mines. Mining rights are written off in profit or loss if the mining property is abandoned.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when P.T. Multi 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 statement of comprehensive income.

Financial assets

P.T. Multi'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 reporting date subsequent to initial recognition, loans and receivables (including due from a director, prepayment and other receivable, 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 statement of comprehensive income 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 P.T. Multi 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 P.T. Multi after deducting all of its liabilities. The financial liabilities of P.T. Multi 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 other payable, due to a director and obligation under finance lease) 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 P.T. Multi 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 P.T. Multi 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 statement of comprehensive income.

For financial liabilities, they are removed from P.T. Multi's statement of financial position 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 statement of comprehensive income.

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

At each reporting date, P.T. Multi 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. Multi's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting 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 reporting 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 statement of comprehensive income, 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 P.T. Multi are measured using the currency of the primary economic environment in which P.T. Multi operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is P.T. Multi's presentation currency. P.T. Multi's functional currency is Indonesia Rupiah.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Exchange differences are recognised in profit or loss in the period in which they arise. For the purpose of presenting the results and financial position of P.T. Multi to the presentation currency, the assets and liabilities are translated using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

(k) Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expenses in the statement of comprehensive income on a straight-line basis over the lease term.

Finance lease

Leases that substantially transfer to P.T. Multi all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as obligations under finance leases. Lease payments are appointed between finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over their estimated useful lives.

(l) Provision

Provisions are recognised when P.T. Multi has a present obligation as a result of a past event, and it is probable that P.T.Multi will be required to settle that obligation. Provisions are measured at the sole director's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(m) 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 P.T. Multi. 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.

(n) Related parties

A party is considered to be related to the P.T. Multi if:

i. directly, or indirectly through one or more intermediaries, the party controls, or is controlled by, or is under common control with, the P.T. Multi; or has an interest in the P.T. Multi that gives it significant influence over the P.T. Multi; or has joint control over the P.T. Multi;

ii. the party is an associate of the P.T. Multi;

iii. the party is a joint venture in which the P.T. Multi is a venturer;

iv. the party is a member of key management personnel of the P.T. Multi or the P.T. Multi's parent;

v. the party is a close family member of any individual referred to in (i) or (iv);

vi. the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. the party is a post-employment benefit plan which is for the benefit of employees of the P.T. Multi, or of any entity that is a related party of the P.T. Multi.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

P.T. Multi's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. P.T. Multi's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on P.T. Multi'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 P.T. Multi's operations, the sole director of P.T. Multi consider that P.T. Multi's operation are mainly subject to foreign exchange risk.

Foreign exchange risk

P.T. Multi is exposed to foreign exchange risk in respect of exchange fluctuation of United States Dollar against Indonesia Rupiah. P.T. Multi currently does not have a foreign currency hedging policy in respect of foreign currency asset and liabilities. P.T. Multi will monitor its foreign exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

P.T. Multi has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of the financial asset. It has policies in place to closely monitor and ensure the credit quality of debtors.

(c) Liquidity risk

P.T. Multi has policy to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables detail P.T. Multi'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 P.T. Multi 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 30 September 2009						
Other payable	–	14,490	–	–	14,490	14,490
Due to a director	–	–	5,638,302	–	5,638,302	5,638,302
Obligation under finance lease	–	3,986	997	–	4,983	4,983
		18,476	5,639,299	–	5,657,775	5,657,775

	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 December 2008						
Other payable	–	9,581	–	–	9,581	9,581
Due to a director	–	–	2,343,031	–	2,343,031	2,343,031
		9,581	2,343,031	–	2,352,612	2,352,612

	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 December 2007						
Other payable	–	717	–	–	717	717
Due to a director	–	–	1,252,435	–	1,252,435	1,252,435
Obligation under finance lease	–	11,274	–	–	11,274	11,274
		11,991	1,252,435	–	1,264,426	1,264,426

	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 December 2006						
Other payable	–	940	–	–	940	940
		940	–	–	940	940

6. CAPITAL RISK MANAGEMENT

P.T. Multi's objectives of managing capital are to safeguard P.T. Multi'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 P.T. Multi's risk management capability.

In order to maintain or adjust the capital structure, P.T. Multi's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

P.T. Multi monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. P.T. Multi aims to maintain the gearing ratio at reasonable level. The gearing ratios at 31 December 2006, 2007 and 2008 and 30 September 2009 are as follows:

	At 30 September 2009	At 31 December 2008	At 31 December 2007	At 31 December 2006
Total liabilities	5,657,775	2,352,612	1,264,426	940
Total assets	2,277,386	1,919,721	2,301,188	2,396,483
Gearing ratio	248%	123%	55%	0.04%

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.

P.T. Multi 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.

Useful lives of property, plant and equipment

P.T. Multi determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. P.T. Multi will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of assets

P.T. Multi 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 mining rights

The carrying value of mining rights 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 P.T. Multi 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 P.T. Multi considers that the carrying amounts of financial assets and liabilities in the financial statements approximate to their fair value.

9. TURNOVER

	Nine months ended 30 September 2009	Year ended 31 December 2008	31 December 2007	31 December 2006
	HK$	*HK$*	*HK$*	*HK$*
Sales of iron seed	–	–	–	2,312,717

10. OTHER INCOME

	Nine months ended 30 September 2009	Year ended 31 December 2008	31 December 2007	31 December 2006
	HK$	*HK$*	*HK$*	*HK$*
Deposit forfeited	–	–	–	335,161

11. (LOSS)/PROFIT BEFORE TAXATION

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

	Nine months ended 30 September 2009	Year ended 31 December 2008	31 December 2007	31 December 2006
	HK$	*HK$*	*HK$*	*HK$*
Auditor's remuneration	23,254	23,358	23,404	23,303
Depreciation	8,843	15,941	3,614	1,552
Amortisation of mining right	50,093	74,244	78,778	78,162
Loss on disposal of property, plant and equipment	–	6,120	–	–
Staff cost including directors' remuneration	257,453	273,683	391,394	145,075

12. INCOME TAX EXPENSE

No provision for Hong Kong or overseas profits tax has been made as P.T. Multi did not generate any assessable profits during the Relevant Period.

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

13. DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

During the Relevant Periods, no emoluments was paid or payable by P.T. Multi to its directors for services rendered or as an inducement to joint or upon joining or as compensation for loss of office. The sole director of P.T. Multi has not waived any emoluments during the Relevant Periods.

	For the nine months ended 30 September 2009				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Muhamad Yamin Kahar	–	–	–	–	–
	–	–	–	–	–

	For the year ended 31 December 2008				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Muhamad Yamin Kahar	–	–	–	–	–
	–	–	–	–	–

	For the year ended 31 December 2007				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Muhamad Yamin Kahar	–	–	–	–	–
	–	–	–	–	–

	For the year ended 31 December 2006				
	Fee	Salaries, allowance and bonus	Retirement scheme	Other fringe benefits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Name of director					
Muhamad Yamin Kahar	–	–	–	–	–
	–	–	–	–	–

(b) Five highest paid individuals

	Nine months ended 30 September 2009 HK$	31 December 2008 HK$	Year ended 31 December 2007 HK$	31 December 2006 HK$
Salaries and allowances	7,851	8,727	9,260	9,188
Contribution to retirement benefit scheme	–	–	–	–
	7,851	8,727	9,260	9,188

The emoluments were within the following bands:

	Nine months ended 30 September 2009	31 December 2008	Year ended 31 December 2007	31 December 2006
Nil to HK$1,000,000	5	5	5	5

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

	Buildings HK$	Machinery and equipment HK$	Furniture and fixture HK$	Motor vehicles HK$	Total HK$
Cost					
At 1 January 2006	–	442	3,745	–	4,187
Addition	–	–	2,151	–	2,151
Exchange difference	–	43	413	–	456
At 31 December 2006 and 1 January 2007	–	485	6,309	–	6,794
Addition	16,392	2,697	7,451	16,769	43,309
Exchange difference	(438)	(91)	(450)	(448)	(1,427)
At 31 December 2007 and 1 January 2008	15,954	3,091	13,310	16,321	48,676
Addition	32,234	–	8,175	36,263	76,672
Disposal	–	–	–	(15,804)	(15,804)
Exchange difference	(6,685)	(486)	(3,151)	(5,217)	(15,539)
At 31 December 2008 and 1 January 2009	41,503	2,605	18,334	31,563	94,005
Addition	–	–	–	6,046	6,046
Exchange difference	5,639	354	2,491	4,887	13,371
At 30 September 2009	47,142	2,959	20,825	42,496	113,422

	Buildings *HK$*	Machinery and equipment *HK$*	Furniture and fixture *HK$*	Motor vehicles *HK$*	Total *HK$*
Accumulated depreciation					
At 1 January 2006	–	–	–	–	–
Charge for the year	–	119	1,433	–	1,552
Exchange difference	–	2	31	–	33
At 31 December 2006 and 1 January 2007	–	121	1,464	–	1,585
Charge for the year	–	308	1,350	1,956	3,614
Exchange difference	–	(14)	(93)	(52)	(159)
At 31 December 2007 and 1 January 2008	–	415	2,721	1,904	5,040
Charge for the year	2,384	648	4,167	8,742	15,941
Written back	–	–	–	(3,938)	(3,938)
Exchange difference	(309)	(148)	(968)	(921)	(2,346)
At 31 December 2008 and 1 January 2009	2,075	915	5,920	5,787	14,697
Charge for the period	1,609	328	2,406	4,500	8,843
Exchange difference	441	157	1,041	1,231	2,870
At 30 September 2009	4,125	1,400	9,367	11,518	26,410
Net book value					
At 30 September 2009	43,017	1,559	11,458	30,978	87,012
At 31 December 2008	39,428	1,690	12,414	25,776	79,308
At 31 December 2007	15,954	2,676	10,589	14,417	43,636
At 31 December 2006	–	364	4,845	–	5,209
At 31 December 2005	–	442	3,745	–	4,187

At 30 September 2009, 31 December 2007, the carrying value of property, plant and equipment under finance lease contract was HK$6,090 and HK$14,417 respectively. At 31 December 2008 and 2006 there was no property, plant and equipment under finance lease contract.

16. MINING RIGHTS

Cost

	HK$
At 1 January 2006	2,181,592
Exchange difference	213,654
At 31 December 2006	2,395,246
Exchange difference	(95,080)
At 31 December 2007	2,300,166
Exchange difference	(361,526)
At 31 December 2008	1,938,640
Exchange difference	263,405
At 30 September 2009	2,202,045

Accumulated amortisation

	HK$
At 1 January 2006	–
Charge for the year	78,162
Exchange difference	1,680
At 31 December 2006	79,842
Charge for the year	78,778
Exchange difference	(5,276)
At 31 December 2007	153,344
Charge for the year	74,244
Exchange difference	(33,724)
At 31 December 2008	193,864
Charge for the period	50,093
Exchange difference	31,299
At 30 September 2009	275,256

Net book value

At 30 September 2009	1,926,789
At 31 December 2008	1,744,776
At 31 December 2007	2,146,822
At 31 December 2006	2,315,404
At 31 December 2005	2,181,592

The carrying value of mining rights shown above represents the expenses incurred for the acquisition of the relevant governmental exploration licence which is granted by the Indonesian government for locating and discovering the natural resources in or around the nearby area of the mine located in Padang, Sumatra, Indonesia.

17. DUE FROM A DIRECTOR

Particulars of loans to related companies disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

	At 30 September 2009 HK$	At 31 December 2008 HK$	At 31 December 2007 HK$	At 31 December 2006 HK$
Name of director				
Muhamad Yamin Kahar	–	–	–	56,242
	–	–	–	56,242

Maximum outstanding balances during the period/year:

	Nine months ended 30 September 2009	31 December 2008	Year ended 31 December 2007	31 December 2006
Name of director				
Muhamad Yamin Kahar	–	–	56,242	56,242

The amount is unsecured, interest free and has no fixed repayment terms. The sole director of the P.T. Multi considers that the carrying amounts of the due from a director as at 31 December 2006, 2007, 2008 and 30 September 2009 approximate to their fair values.

18. PREPAYMENT AND OTHER RECEIVABLE

	At 30 September 2009 HK$	At 31 December 2008 HK$	At 31 December 2007 HK$	At 31 December 2006 HK$
Prepayment	22,009	13,853	25,596	6,283
Other receivable	240,381	80,732	85,134	13,345
	262,390	94,585	110,730	19,628

The sole director of the P.T. Multi considers that the carrying amounts of the prepayment and other receivable as at 31 December 2006, 2007, 2008 and 30 September 2009 approximate to their fair values.

19. BANK BALANCES AND CASH

	At 30 September 2009 HK$	At 31 December 2008 HK$	At 31 December 2007 HK$	At 31 December 2006 HK$
Cash on hand	–	–	–	–
Bank balances	1,195	1,052	–	–
	1,195	1,052	–	–

All cash and bank balances were denominated in Indonesian Rupiah.

20. DUE TO A DIRECTOR

The amount is unsecured, interest free and is not repayable with 12 months. The sole director of P.T. Multi considers that the carrying amount of amount due to a director approximates to its fair value.

21. OBLIGATION UNDER FINANCE LEASE

	Minimum lease payment				Present value of Minimum lease payment			
	At 30 September 2009	At 31 December 2008	At 31 December 2007	At 31 December 2006	At 30 September 2009	At 31 December 2008	At 31 December 2007	At 31 December 2006
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Within one year	3,986	–	11,274	–	3,986	–	11,274	–
In the second to fifth year inclusive	997	–	–	–	997	–	–	–
	4,983	–	11,274	–	4,983	–	11,274	–
Future finance charge *(Note)*	–	–	–	–				
Present value of lease obligation	4,983	–	11,274	–				
Amount due within one year shown under current liabilities					3,986	–	11,274	–
Amount due shown under non-current liabilities					997	–	–	–

(Note) Finance charges were capitalised in the obligation under finance lease.

22. SHARE CAPITAL

	At 30 September 2009	At 31 December 2008	At 31 December 2007	At 31 December 2006
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
2,000 ordinary shares of IDR 1,000,000 each	1,654,200	1,654,200	1,654,200	1,654,200
Issued and fully paid:				
500 ordinary shares of IDR1,000,000 each	413,550	413,550	413,550	413,550

23. MATERIAL RELATED PARTY TRANSACTIONS

P.T. Multi had not entered into any transaction with related parties.

Compensation by key management personnel of P.T. Multi represented the directors' remuneration as disclosed in Note 12 to the Financial Information.

24. CONTINGENT LIABILITIES

P.T. Multi did not have any significant contingent liabilities at 31 December 2006, 2007, 2008 and 30 September 2009.

25. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 September 2009.

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for P.T. Multi in respect of any period subsequent to 30 September 2009. No dividend has been declared, made or paid by P.T. Multi in respect of any period subsequent to 30 September 2009.

27. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The sole director considers P.T. Multi's immediate parent to be P.T. ACME Mining and Resources and ultimate holding company to be Gold Track Coal and Mining Limited. P.T. ACME Mining and Resources is incorporated in Indonesia and Gold Track Coal and Mining Limited is incorporated in British Virgin Islands and both have not produced financial statements available for public use.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 19 January 2010.

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

ANALYSIS ON THE RESULTS OF OPERATIONS OF P.T. MULTI DURING THE THREE YEARS ENDED 31 DECEMBER 2008 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Turnover

For the year ended 31 December 2006, the turnover of P.T. Multi amounted to HK$2,312,717 is from the sales of iron seed. For the year ended 31 December 2007, 2008 and the nine months ended 30 September 2009, the turnover was nil as the mining of iron seed was suspended.

Other revenue

Other revenue for the year ended 31 December 2006 amounted to HK$335,161 which represents the deposit forfeited.

Cost of sales

Cost of sales for the year ended 31 December 2006 amounted to HK$413,519 which was mainly attributable to the compensation to local residents live nearby the mining site.

Operating expenses

Operating expenses for the year ended 31 December 2006, 2007, 2008 and for the nine months ended 30 September 2009 amounted to HK$137,616, HK$884,650, HK$1,039,379 and HK$2,237,074 respectively.

Administrative expenses

Administrative expenses for the year ended 31 December 2006, 2007, 2008 and for the nine months ended 30 September 2009 amounted to HK$175,776, HK$413,755, HK$461,895 and HK$391,443 respectively. The 135% increase of the expenses as compare the figure for the year ended 31 December 2007 to the year ended 31 December 2006 was mainly attributable to the increase in salary expense. For the financial period of the year ended 31 December 2007 and onwards, the administrative expenses remains at a stable level, with fluctuation less than 10%.

Finance costs

There were no finance costs for the year ended 31 December 2006, 2007, 2008 and for the nine months ended 30 September 2009.

Income tax expenses

Income tax expenses had been provided in accordance with the tax rules of the relevant jurisdiction.

ANALYSIS ON THE FINANCIAL POSITION OF P.T. MULTI DURING THE THREE YEARS ENDED 31 DECEMBER 2008 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Liquidity and financial resources

During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, P.T. Multi funded its operation from the cash advanced from a director.

Charge of assets

P.T. Multi did not have any pledged assets as at 31 December 2006, 2007 and 2008 and 30 September 2009.

Net current assets/liabilities

As at 31 December 2006, 2007 and 2008 and 30 September 2009, the net current assets of P.T. Multi were HK$74,930, HK$98,739, HK$86,056 and HK$245,109 respectively.

The current ratios of P.T. Multi as at 31 December 2006, 2007 and 2008 and 30 September 2009 were 80.71, 9.23, 9,98 and 14.27 respectively.

Gearing ratio

As at 31 December 2006, 2007, 2008 and 30 September 2009, the gearing ratios were 0.04%, 55%, 123% and 248% respectively.

Capital structure

There was no change in equity capital structure of P.T. Multi for the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009.

Contingent liabilities

As at 31 December 2006, 2007 and 2008 and 30 September 2009, P.T. Multi had no contingent liabilities.

Exchange risk and hedging

There was no significant exposure to fluctuations in exchange rates and related hedges for the three years ended 31 December 2006, 2007 and 2008 and nine months ended 30 September 2009.

Significant investments held

During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, P.T. Multi had no significant investments held.

Material acquisitions and disposal and significant investments

During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, P.T. Multi had not made any material acquisitions and disposal of subsidiaries and affiliated companies and investments.

Segmental information

During the three years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009, P.T. Multi was solely engaged in the mining iron ore resources and sales of mineral properties in Indonesia.

Employees and remuneration

As at 31 December 2006, 2007 and 2008 and 30 September 2009, P.T. Multi had 10, 30, 12 and 21 staffs respectively. The total remuneration for the years ended 31 December 2006, 2007 and 2008 and the nine months ended 30 September 2009 were HK$145,075, HK$391,394, HK$273,683 and HK$257,453 respectively.

Future prospects

Indonesia is exceptionally rich in mining resources and the government's policy of opening the market is favourable to foreign developers. In addition, the low production cost, low operation expenditure and cheap labour further facilitates the mining operation. All of them are advantageous to the future development of Target Group. Given the demand for iron is likely to increase due to the needs of the developing countries, the Target Group should be able to benefit from both low costs and higher selling prices.

The Target Group's ore bed is directly exposed on the ground surface which allows an easy, efficient and effective exploitation work. There is an established transportation network including a highway which makes it easy to transport iron ore from the Target Group's mining area to the port. The port is only 92km away from the Target Group's iron mine. The low transportation cost is definitely an advantage for the mining operation. The Directors are optimistic about the profitability of the Target Group. It is expected that the Target Group will be able to contribute profits to the Group in the foreseeable future.

Furthermore, P.T. Multi has also obtained the exploitation permit for a neighboring iron mine in August 2004. However, the potential resources of this neighboring iron mine is not yet determined and it is currently considered to be of no economic value by the Directors. The Group will not develop and exploit such neighboring mine. Also, the exploitation permit for such mine will soon expire in October 2010 and the Group will not apply for renewal of such permit.

Future plans for material investments or capital assets

As at 30 September 2009, no future plan for material investments or capital assets in the foreseeable future.

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

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

19 January 2010

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 Coal and Mining Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") (together with the Group hereinafter referred to as the "Enlarged Group") set out on pages 280 to 284 under the headings of "Pro Forma Financial Information of the Enlarged Group" (the "Pro Forma Financial Information") in Appendix III of the Company's circular dated 19 January 2010 (the "Circular") in connection with the proposed acquisition of the 54% issued share capital of the Target Company, and all the debts, obligations and liabilities owed by the Target Company to Gold Track Holdings Inc. (the "Vendor") as at Completion ("the Acquisition"). The 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 III of the Circular. The basis of preparation of the Pro Forma Financial Information is set out on page 280 of Appendix III 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 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 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 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 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 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 Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The 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 2009 or any future date.

OPINION

In our opinion:

(a) the 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 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

1. PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as if the Acquisition had been completed at the date reported on. The unaudited pro forma consolidated statement of assets and liabilities has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2009 as set out in Appendix I to this circular and the audited consolidated statement of financial position of the Target Group as at 30 September 2009 as set out in Appendix II, to this circular respectively, after incorporating the pro forma adjustments as described in the accompanying notes to illustrate the effect of the Acquisition. The unaudited pro forma consolidated statement of assets and liabilities does not take account of any trading or other transactions subsequent to 30 September 2009.

The unaudited pro forma consolidated statement of assets and liabilities has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 September 2009 or any future date.

	The Group As at 30 September 2009	**The Target Group As at 30 September 2009**	**Pro forma adjustments**			**Pro forma Enlarged Group**
			(Note 1.1)	*(Note 1.2)*	*(Note 1.3)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets						
Intangible asset	497,235,875	–				497,235,875
Goodwill	505,765,869	5,500,716		(5,500,716)		505,765,869
Investments in subsidiaries	–	–	76,500,000	(76,500,000)		–
Exploration and evaluation assets	4,406,227	–				4,406,227
Mining right	–	1,926,789		297,170,290		299,097,079
Property, plant and equipment	119,335,594	6,902,302				126,237,896
	1,126,743,565	14,329,807				1,432,742,946
Current assets						
Inventories	2,468,100	2,761,579				5,229,679
Trade receivables	104,131,256	–				104,131,256
Prepayments, deposits and other receivables	22,266,221	3,406,569			38,148,210	63,821,000
Amount due from related companies	–	38,148,210			(38,148,120)	–
Bank balances and cash	11,823,301	6,282,011	(5,000,000)			13,105,312
	140,688,878	50,598,369				186,287,247
Current liabilities						
Accruals and other payables	3,731,132	6,510,792			20,418,386	30,660,310

	The Group As at 30 September 2009	The Target Group As at 30 September 2009	Pro forma adjustments			Pro forma Enlarged Group
			(Note 1.1)	*(Note 1.2)*	*(Note 1.3)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deposits received	119,251	–				119,251
Amount due to directors	4,489,464	–				4,489,464
Amount due to shareholders	–	39,000,000		(19,500,000)	(19,500,000)	–
Amount due to non-controlling interests	–	–			19,500,000	19,500,000
Amount due to related companies	–	20,418,386			(20,418,386)	–
Promissory note	–	–	71,500,000			71,500,000
Obligation under finance leases	8,854	63,473				72,327
Tax payables	16,373,939	–				16,373,939
	24,722,640	65,992,651				142,715,291
Net current assets/(liabilities)	115,966,238	(15,394,282)				43,571,956
Total assets less current liabilities	1,242,709,803	(1,064,475)				1,476,314,902
Non-current liabilities						
Obligation under finance leases	8,879	105,099				113,978
Deferred tax	151,576,564	–				151,576,564
	151,585,443	105,099				151,690,542
Total assets and liabilities	1,091,124,360	(1,169,574)				1,324,624,360
Capital and reserves						
Share capital	33,284,400	78,000		(78,000)		33,284,400
Reserves	883,284,058	(1,141,285)		92,041,285		974,184,058
Non-controlling interests	174,555,902	(106,289)		142,706,289		317,155,902
Total equity	1,091,124,360	(1,169,574)				1,324,624,360

Notes to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group:

Under Hong Kong Financial Reporting Standard 3 "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Group will apply the purchase method to account for the acquisition of Target Group. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of Target Group will be recorded on the consolidated statement of financial position of the Group at their fair value at the date of Completion. Any goodwill or gain from a bargain purchase 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 Target Group at the date of Completion. Gain from a bargain purchase resulting from the business combination should be recognised immediately in the consolidated statement of comprehensive income.

1.1 The adjustment reflects the settlement of the aggregate Consideration for the Acquisition of HK$76,500,000 in the following manner:

(i) HK$5,000,000 to be satisfied by Galileo Capital Group (BVI) Limited (the "Purchaser") in cash to the Vendor upon Completion; and

(ii) the balance of HK$71,500,000 to be satisfied by the Purchaser procuring the Company to issue the Promissory Note upon Completion.

For the purpose of the preparation of the unaudited pro forma consolidated statement of assets and liabilities, it has been assumed that:

(i) the cash element of the consideration of HK$5,000,000 were paid by the Group from internal resources of the Group on 30 September 2009;

(ii) the Promissory Note were issued on 30 September 2009; and

(iii) the face value of the Promissory Note approximated its fair value at the date of exchange.

Since the actual dates of settlement of the Consideration directly attributable to the Acquisition would be different from the assumptions used in the preparation of the unaudited pro forma consolidated statement of assets and liabilities presented above, the actual financial position arising from the Acquisition might be materially different from the financial position as shown in this Appendix.

1.2 The adjustment reflects:

(i) elimination of the share capital and pre-acquisition reserves of the Target Group, as if the Acquisition had been completed at the date reported on;

(ii) recognition of 46% minority interests of the Target Company and 48.7% minority interests of P.T. ACME Mining and Resources ("P.T. ACME") and P.T. Multi Mineral Magnetic ("P.T. Multi"); and

(iii) acquisition of Sale Loan (being all obligations, liabilities and debts owing or incurred by Target Company to the Vendor as at Completion), as if the Acquisition had been completed at the date reported on.

The Target Company owns 95% of P.T. ACME and P.T. ACME has 100% indirect and beneficial interest in P.T. Multi by share pledge arrangement, and thus after the completion of the Acquisition, the Group also has 51.3% share holdings in P.T. ACME and P.T. Multi. The Target 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 statement of financial position 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 Acquisition, the Target Group is accounted as subsidiaries of the Company, the mining right were transferred to the Group. Upon acquisition, the Group will adjust the net assets of the Target Group to its fair value by reference to a valuation performed by an independent valuer, Grant Sherman Appraisal Limited. Up to 30 September 2009, the fair value of net assets of the Target Group amounted to HK$310,000,000 as set out in Appendix V. The fair value adjustment amounted to HK$297,170,290 according to the valuation report as at 30 September 2009 and the revaluation of mining right amounted to HK$299,097,079. Shareholders should note that the fair value adjustment may be subject to change upon completion of the Acquisition.

Gain from a bargain purchase of HK$90,900,000 arising from the Acquisition of the Target Company, which is derived from the calculation as follow:

	HK$
Share of 54% of the fair value of net assets of the Target Group HK$310,000,000	167,400,000
Gain from a bargain purchase	(90,900,000)
Total consideration	76,500,000
Satisfied by:	
Cash consideration	5,000,000
Promissory note	71,500,000
	76,500,000

The gain from a bargain purchase of HK$90,900,000 is the excess of the Group's interest in the net fair value of the Target Group's identifiable assets, liabilities and contingent liabilities over the cost of acquisition. The whole amount of the excess HK$90,900,000 should be recognised immediately in the consolidated statement of comprehensive income.

1.3 The adjustment represents the reclassification of the balances to conform with the presentation of the Group's financial statement.

On Completion, the fair value of the Consideration and the net identifiable assets and liabilities of the Target Group will have to be assessed. Since the actual fair values of the assets, liabilities and contingent liabilities of the Target Group on Completion would be different from their estimated fair values used in the preparation of the unaudited pro forma consolidated statement of assets and liabilities presented above, the actual financial position arising from the Acquisition might be materially different from the financial position as shown in this Appendix.

Report on Geological Conditions and Resources of Air Abu (阿里阿布) Iron Mine in Solok County (嗖樓縣), Padang Province, Indonesia

Report prepared for
Sun International Group Ltd

Report prepared by

SRK Consulting
Engineers and Scientists

November 2009

Report on Geological Conditions and Resources of Air Abu Iron Mine in Solok County, Padang Province, Indonesia

Report prepared for
Sun International Group Ltd

SRK Project Number: SHK055

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November 2009

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Liqin Yu, Geologist

EXECUTIVE SUMMARY

Summary of Objectives

Sun International Group Ltd ("Sun International" or the "Company") commissioned SRK Consulting China Ltd ("SRK") to undertake a field study on Air Abu Iron Mine Project in Solok County, Padang Province, Indonesia, and conduct estimation of its iron mine resources. SRK is responsible for providing a preliminary technical report summarizing the geological exploration and resource conditions of the mineral deposits for the Company's and other institutions' reference.

Work Program

The work program involved the following two phases:

Phase 1: undertake a field study, complete and supervise the exploration work, and review the previous information on geology and mineral resources of this mine.

Phase 2: complete the draft of report, submit the report to Sun International, and finalize the report.

RESULTS OF THE REPORT

Overall

Air Abu Iron Mine Project is a small-scale iron deposit of skarn-hydrothermal superimposition type with high grade. SRK set and participated in phase one of the exploration work of the deposit, which included geological mapping, geophysical survey, sampling on ground surface, etc. SRK imposed strict quality control and quality guarantee measures on the sampling and analysis of samples so as to ensure that the data obtained and the resource estimated on such basis are in conformity with the Australasian JORC Code.

SRK has estimated that there are 3.067 million tonnes of indicated resources with the average grade of 41.68% TFe (total iron) and 3.35 million tonnes of inferred resources with the average grade of 40.97% TFe (total iron) which are up to JORC Code. SRK suggests Sun International to conduct drilling work as soon as possible in order to improve the current resource level and explore more resources at depth. On top of them, Sun International should optimize the existing pits of the mine so as to maximize the benefits.

Geological Conditions and Resources

The outcrop strata are mainly limestone of the carboniferous system with a small quantity of marble which are distributed around the central and south parts of the mine. Air Abu Iron Mine is obviously controlled by the faults, and produced nearby the contact zone of granite and limestone. The wall rocks containing ores are marble and limestone. In the mine, there are four large iron ore blocks in which Ore Block I and II are more representative.

Ore Block I is being mined. The block inclines to the southwest. The lower part shows 230<56°. The bottom plate of the block outcrops by 229m while the top plate outcrops by 141m with an average length of 185m. The thickness of the block varies widely, ranging from 60m to 30m. In comparison, the southeast part is thicker and the northwest part is thinner.

Part of the ore block contains the lamellas of garnet skarns, especially the central part of the block – interbedded strata (5-1m in thickness) around the top plate, which appear in a mutual overlapped form with the block. The section of 0-38m from the bottom plate of the block contains ores of hypidiomorphic-xenomorphic granular texture with a structure of dense dissemination. The granularity of process mineralogy is 0.003-1.2mm and the highest grade of TFe is 64%.

Ore Block II is distributed in 110m away from the east of Ore Block I in a vein form with S-N strike. The ore thickness = 10.9-12.5m.

Please refer to the following table for the characteristics of each ore block.

Table of Characteristics of Ore Block of Air Abu

Block No.	Length of Block (m)	Average True Thickness (m)	Occurrence	Average Grade (TFe%)	Ore Type
I	225	33.59	230°<55°	40.08	Magnetite
II	202	9.28	301°<48°	36.27	Magnetite
III	57	2.7	Strike to 40°		Magnetite
IV	43	2.5	Strike to 28°		Magnetite

The minerals of ore are mainly magnetite.

Ore Block I within the mine is composed of 2 veins, and Ore Block II is composed of 1 vein, both of which are in stratiform shape with simple ore properties, their occurrences are steep (>45°) and stable. The useable components of ore are distributed in a balanced manner. The deep parts of ore blocks have not been controlled by drilling work. According to the actual situation mentioned above, the geological blocking method was applied to the vertical longitudinal projection map for resource estimation. The cut-off grade is 20% TFe. SRK checked the indicated resources of Ore Block I by MineSight. Please refer to the following table for the resources of the Project in conformity with JORC Code.

Table of Estimation Results of Resources of Air Abu Iron Mine

Ore block number	Resource Classification	Block section number	Ore block area (m^2)	Average thickness (m)	Gravity (t/m^3)	Ore tonnage ('000 t)	Average grade (TFe) (%)
I	Indicated	332	16,082.40	43.34	4.4	3,067	41.68
	Inferred	333-1	3,977.6	43.34		759	
		333-2	11,335.7	43.34		2,162	
		Total				2,920	
II	Inferred	333	10,500	9.28	4.4	429	36.27
Total	Indicated					3,067	41.68
	Inferred					3,350	40.97

SRK's Suggestions

SRK has the following suggestions for the Project:

- It should exercise control over Ore Blocks I and II at depth as soon as possible within a short period, adopt the exploratory grid of 100 X 80m and discover the states of ore blocks at depth by way of drilling;

- In order to expand the prospective resource/reserve of the mine, it is suggested to conduct magnetic survey with the grid of 50 X 20m in mine occurrences discovered within the mine;

- In order to optimize the current production, SRK suggests that the optimization work on open mining pits should be completed as soon as after the resources have been clearly defined;

- In addition, as the weathering crust in the heading face currently being mined seems relatively thick, it should pay attention to the recovery of iron sand during the process of mining;

- This deposit is exploited by open mining, therefore it should pay attention to the stockpile of tailings during the process of mining so as to avoid the obstacle for mining arising therefrom. It is suggested to build a formal dump as soon as possible;

- The ore processing test is performed in the laboratory, which may result in a certain degree of difference between the recovery rate of mining and the actual performance.

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DISCLAIMER

The opinions expressed in this report have been based on the information supplied to SRK Consulting China Ltd ("SRK") by Sun International Group Ltd. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

1. Introduction

Sun International Group Ltd ("Sun International") commissioned SRK Consulting China Ltd (SRK 中國諮詢公司) ("SRK") to undertake a field study on Air Abu Iron Mine Project in Solok County, Padang Province, Indonesia, and conduct estimation of its iron mine resources. SRK is responsible for providing a preliminary technical report summarizing the geological exploration and resource conditions of the mineral deposits for the Company's and other institutions' reference.

As commissioned by Sun International Group Ltd, technical personnel of SRK Consulting China Ltd conducted a 2-week due diligence in Air Abu Iron Mine which is owned by the Company.

2. Background and Briefing of the Project

2.1 Background of the Project

Sun International commissioned SRK Consulting China Ltd ("SRK") to undertake a field study on Air Abu Iron Mine Project in Solok County, Padang Province, Indonesia, and conduct estimation for its iron mine resources.

2.2 Scope of Work

The scope of work of SRK included the review of current information regarding the mineral deposits, the completion of relevant site work, the estimation of resources of the project, and the compilation of the technical report for the Company's and other institutions' reference.

3. Objectives and Work Program of the Project

3.1 Project Objectives

The objectives of the Project are to conduct estimation of resources that are up to JORC Code and complete the technical report by reviewing the information and working on site.

3.2 Purpose of the Report

Sun International is a company incorporated in the Cayman Islands, whose issued shares are listed on the Stock Exchange of Hong Kong Limited, and the SRK report is to provide technical basis for its acquisition/disposal of the Project.

3.3 Reporting Standard

This report has been prepared to the standard of, or is considered by SRK to be, an Independent Technical Report under the guidelines of the Valmin Code. The Valmin Code incorporates the JORC (Joint Ore Reserves Committee) Code for the Reporting of Mineral Resources and Ore Reserves. The standard is binding upon all Australasian Institute of Mining and Metallurgy (AusIMM) members.

This Report is not a valuation report. This report on geological conditions and resources is for the Company's internal use only. It shall modify the report for the purpose of public use.

3.4 Work Program

The work program included:

- Review preliminary information
- Conduct field study and exploration work
- Estimate resource
- Compile report
- Provide the preliminary draft of report to Sun International
- Complete and finalize the Report after taking into account feedbacks and comments from client

3.5 Project Team

The SRK project team members included:

Dr Anson Xu, ***PhD (Geology), MAusIMM, Principal Consultant***, obtained bachelor and master degrees in geology in Nanjing University and Chengdu University of Technology of China. He was engaged in teaching and scientific research work in universities in China. After obtaining the Doctorate (PhD) from University of Nebraska-Lincoln of the United States, Dr Xu worked for various mineral resources and mining companies in Canada, and held the posts such as Project General Manager, and Chief Geologist and Deputy CEO of listed companies. He has extensive experience in evaluation of geological exploration and mineral resources projects, design and planning of exploration projects, and estimation of mineral resources. Dr Xu has extensive research and working experience in gold-silver deposits, copper-nickel deposits, lead-zinc deposits, tungsten-tin deposits, copper-gold deposits, rare earth element deposits as well as diamond deposits. He has recently provided independent review reports for companies in China including Canadian NI43-101 and HKEx IPO technical reports. Dr Xu is the project manager and report compiler.

Changchun Wang, ***Senior Engineer of Geology and Mineral Resources***, graduated from the Geology Department of Changchun College of Geology (長春地質學院), majoring in Geomechanics, in January 1982. He has extensive experience of more than 20 years in regional geological investigation, general survey, detailed survey and exploration of geology and mineral resources as well as geological mineralization theory. He has participated in and led various general surveys and detailed surveys of geology and mineral resources of precious metals, non-ferrous metals and non-metals, as well as the projects of mineralized structure studies. Mr. Wang is responsible for the site work and is the main drafter of the report.

Mr. Yonggang Wu, ***Engineer***, has 4 years of experience in mining, including various kinds of deposit planning, mine exploitation and mining consultation. The areas of his mining research and services include deposits of precious metal (Au), base metal (Cu) and other non-ferrous metals under different exploitation conditions. He is skilled in applications of MineSight and AutoCAD software, and is specialized in mining and modeling. Mr. Wu is responsible for the resource verification.

Liqin Yu, ***Geologist/Draftsman***, graduated from the College of Geology Engineering and Geomatics of Chang'an University, majoring in Geographic Information System, in 2005. He is engaged in drawing all kinds of maps of geology. He is skilled in applications of MapInfo, MapGIS, CorelDRAW, ArcGIS, AutoCAD, Photoshop and MicroMine software. He assists Mr. Wang in conducting site investigation.

Dr Yonglian Sun, ***Principal Consultant, MAusIMM***, is the managing director of SRK China with over 20 years of experience in geotechnical engineering, rock mechanics and mining engineering, and worked for the mining and consulting companies in five countries across four continents. Dr Sun has extensive practical experience with an emphasis on site investigation, analysis and modeling research of rock mechanics for open pits, underground mines, tunnels, as well as project management. Recently, Dr Sun has taken charge of and participated in a number of due diligence projects in China, including Lingbao Gold, China Coal, Yunnan Pb-Zn project of Yua Da Holdings and Xinjiang Xinxin projects, all of which are successfully listed in Hong Kong. Dr Sun is responsible for the peer review and quality control of the report.

3.6 Statement of SRK Independence

Neither SRK nor any of the authors of this report have any material or other interest in the outcome of this report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the report.

3.7 *Forward-Looking Statements*

Assessments of mineral resources, ore reserves and production of mine and processing plant are inherently forward-looking statements. Being projections of future performance, they will certainly differ from actual performance. The errors in such projections result from inherent uncertainties in interpretation of geologic data, variations in the execution of mining and processing plans, the ability to meet construction and production schedules which are affected by numerous factors (including climate, availability of equipment and supplies, fluctuating prices and changes in regulations).

4. Introduction of Natural Geographic and Economic Conditions and the Project

4.1 *Natural Geographic Conditions*

Air Abu Iron Mine is located in Air Abu Village, Kilangan, Solok County, Padang Province on Sumatra, Indonesia. The mine is 92km distant from Padang city with good accessibility. It can be accessed via a paved road and gravel road. A terminal that can berth 10,000-ton ferries has been constructed on the coastline of Padang Province in which iron ore fines can be shipped to other parts of the world by sea (see Figure 4-1).

Figure 4-1: Traffic Map

The mine is 4.5km away from the rural electricity grid. The electricity needs for mining, ore processing and daily life can be fulfilled by setting up the electrical wire.

It is rainy throughout the year with good river water quality. There are abundant unpolluted water resources which is sufficient for the living and production in the mine.

The topography of the mine and surrounding area is high south part and low north part. The elevations range from 1,585m to 1,855m above sea level with a relative relief of 270m which is of high hills region. The mine area is a dense forest with thick rotten soil. Bad bedrocks are found. The place has four unclear seasons where it is hot and rainy throughout the year. The months from May to August are the hottest period in the year with the highest temperature of 37°C, while the lowest temperature of the year is 15°C, averaging 22°C. In normal cases it is hot in daytime and cool in nighttime. It has relatively high rainfall from September of the current year to April of next year, which can reach 7,319mm, while the period otherwise has lower rainfall, and the annual average rainfall is 1,315mm.

In the area, the local industry is underdeveloped and the mining development is mainly taken place in iron mines.

The residential zones are dense in the area and all of the inhabitants are Muslims, who are mainly engaged in agricultural production. The labour force is sufficient.

4.2 Coverage of the Mining Right

The scope of geographic coordinates of the mine is as follows:

E: 100°47'15" – 100°48'25"

S: 01°09'35" – 01°10'50"

Asian-American Company (亞美公司) owns the area with mining right of 44.38 hectares (0.44km^2) which is approved by the government of Solok County. It is valid until 30 October 2015 (see Appendix 1).

Its knee coordinates are:

1. E: 100°48'10.10" S: 01°10'06.00"
2. E: 100°48'10.10" S: 01°10'24.00"
3. E: 100°47'44.25" S: 01°10'24.00"
4. E: 100°47'44.25" S: 01°10'06.00"

4.3 Status of the Mine

The mining of iron mine is in progress, where the elevations range from 1,680-1,780m are all exposed (see Figure 4-2). At present, the daily mining capacity of the mine has reached 1,000t (which is planned to improve to 3,000t in the beginning of next year). Ore with high grade (>57%) will be sold directly to the users, while those with low grade will be stored in storage facility temporarily, and then upon the completion of ore processing plant, they will be sold in the form of iron ore fines after internal ore processing.

Figure 4-2: Corner of the Mining Area within the Mine

5. The Geological Conditions and Exploration of the Project

5.1 The Geological Conditions of the Region

The workplace are near to the south side of the discordogenic fault at the northwest of Padang – Solok. In the workplace, magmatite are well developed. It includes granite, gabbro, etc., which are mainly of carboniferous system and the quaternary system. Its geological conditions are shown in Figure 5-1.

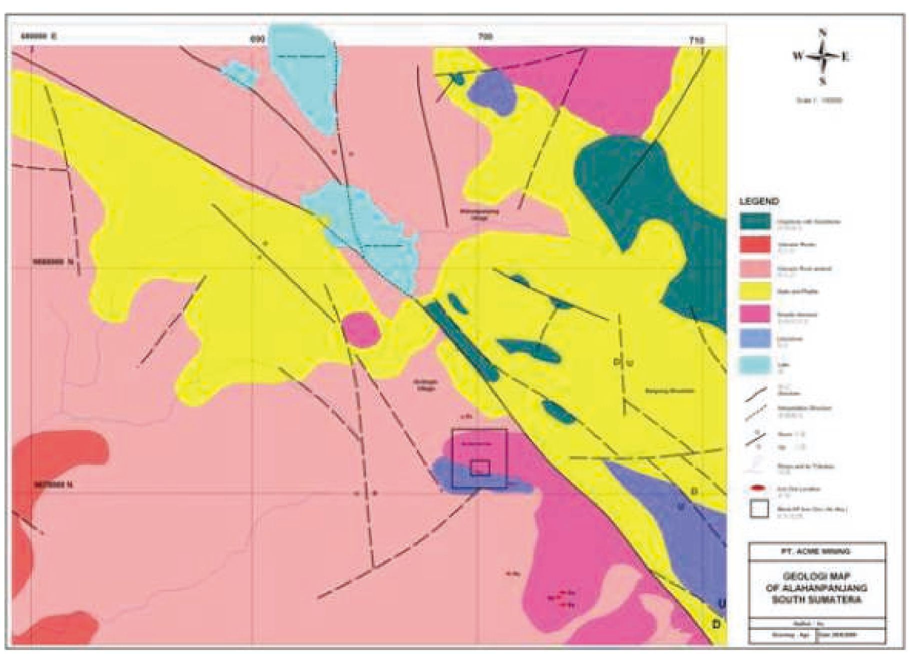


Figure 5-1 Geological Map of Area of Kilangan, Padang Province, Indonesia

5.1.1 Strata

There are only a few types of strata outcropping in the area. They are sedimentary rock of carboniferous – permian system as well as the quaternary system.

Carboniferous – permian system

This lithologic unit principally covers the central and south parts of the mine with strike of NW. It mainly contains such rock types as limestone, sandy conglomerate and marble in which the latter is primarily distributed around the surface of the rock mass. In the area, the contact zone of the limestone and granite blocks is the best place for mineralization.

The quaternary system

This formation principally covers the valleys and basins of the bottomland. Its lithologies are sandy conglomerate, sub-clay layer, etc.

5.1.2 Magmatite

The outcrop magmatite in the area includes granite, granodiorite, gabbro, etc. in which the former is distributed from the northwest of Padang – Solok towards both sides of the discordogenic fault. There is a gradual transition condition, instead of any obvious boundary, between granite and granodiorite. Granodiorite contributed much to the mineralization. In particular, it is the best mother rock for forming skarn-type iron mine.

5.1.3 Structure

The workplace is located at the southwest side of the fault zone of Padang – Solok (see Figure 5-2). The structure of the area is mainly composed of faults. The best developed faults are the faults of a NW strike that were formed in an early stage, and then the faults of a NE strike that were formed in a later stage in which most are inferred faults whose lithology is uncertain.

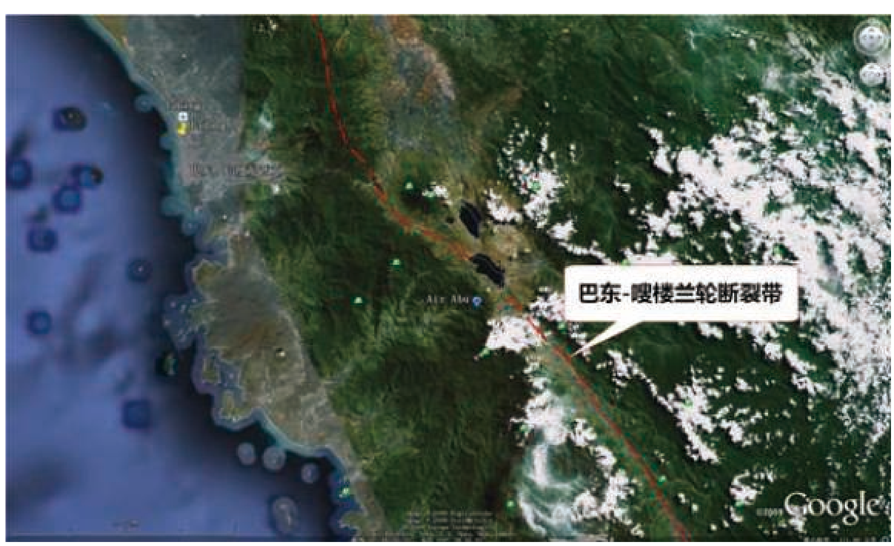


Figure 5-2: Illustration of Faults of Padang – Solok (Google Earth)

5.1.4 Minerals in the Area

In the area, the deposits are distributed in many locations, and are mainly of iron mine. Two small iron ore deposits have been discovered. Also, there are many scattered iron mine occurrences. Most of them are of associated copper mineralization. The substantial part is of the post-magma-period hydrothermal filling type and skarn type. Based on the current information, the minerals in the area are detailed in Table 5-1.

Table 5-1: Table of Minerals in the Area

Ore Type	Origin	Geological Cooridnate Y	X	Cause	Scale	Remark
Fe	Air Abu	700033	9870420	Contact metasomatism + magma and hydrothermal fluid	Small	Under mining
Fe, Cu	盧布拉西	678514	9891081	Post-magma-period hydrothermal filling	Small	A small quantity of work
Fe, Cu	不給拉布	703672	9867227	Post-magma-period hydrothermal filling	Occurrence	
Fe, Cu	不給拉布	703791	9866881	Post-magma-period hydrothermal filling	Occurrence	
Fe	不給拉布	704088	9866085	Post-magma-period hydrothermal filling	Occurrence	
Fe	Air Abu	700563	9870475	Post-magma-period hydrothermal filling	Occurrence	Ready for mining
Fe	Air Abu	700938	9870019	Post-magma-period hydrothermal filling	Occurrence	

5.2 The Geological Conditions of Deposits

5.2.1 Strata

The outcrop strata (see Figure 5-3) are mainly limestone of the carboniferous system with a small quantity of marble which are distributed around the central and south parts of the mine. The strata strike NW with a dip of 235-255° and a dip angle of 50-55°.

Limestone: dark grey color, particles – aphanitic texture, bedded form – stripe texture. It is mainly composed of calcite and clay, and distributed around the central and south parts of the mine with a wide coverage area. Its bottom part contacts granite.

Marble: distributed along the contact zone of granite with a small coverage area, pure white – milky white, metacrystalline structure, palimpsest bedded texture (able to see the palimpsest bedded texture). It is composed of calcite.

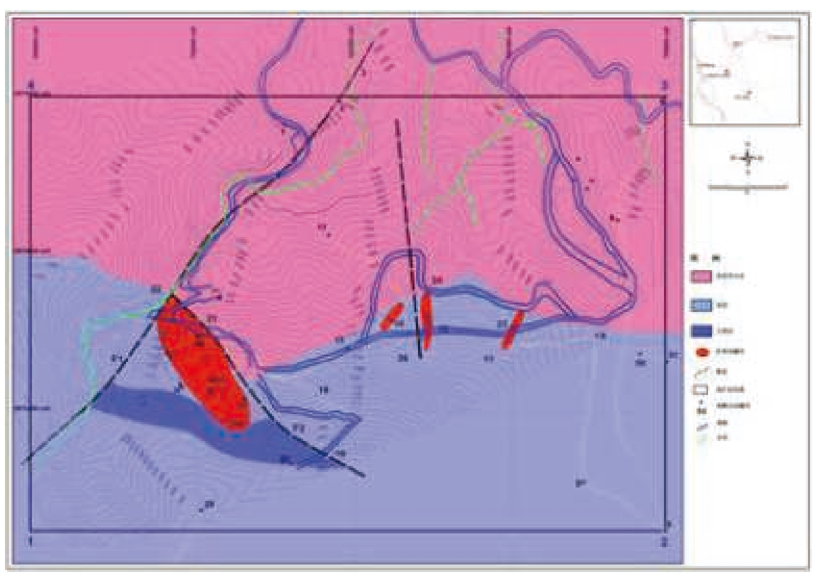


Figure 5-3: Geographical Map of Air Abu Mine

5.2.2 Magmatite

In the area, magmatite is well developed, and mainly distributed around the north side of the mine. It primarily includes granite (granodiorite) and gabbro in which the former is found in the form of batholith and is the direct mother rock formed in the iron ore deposit of Air Abu. We estimate that it is produced in the late Yanshanian period. The gabbro is distributed around the northwest corner of the mine where there is iron mine nearby. It is found in the form of vein striking NE or NW.

5.2.3 Structure

(1) Fold structure. Since the limestone strata of the carboniferous – permian system was damaged by the formation effect and the magmatic intrusion, we are unable to understand the exact form of their fold structure for the time being. Asian-American Company plans to strengthen this work later so as to provide information on the possible mining location of the iron mine of the contact metasomatic type for reference.

(2) Faults. They are the main structure of the mine which can be classified into three groups, namely, N-W strike group, S-N strike group and N-E group. The fault of N-W strike group is of both guidance structure and host structure. The iron ore deposit of Air Abu is obviously controlled by the fault of N-W strike. The fault of S-N strike is formed after themineralization period. Now we have found two faults which relate to the ore block:

- F1 Fault: N-E strike, almost upright, some meters ~ over ten meters in width. It cuts the stratum and the magmatite. In the SE end of the ore block, there are grey fault gouge and fault breccia with the components of limestone and marble. Though they are harmful to the block, the effect is not material. It should be the fault after the mineralization.

- F2 Fault: N-W strike, vertical fault section, being the boundary between the ore block and granodiorite. No harmful effect upon the block can be found from the ground surface. It may be the fault (the channel for the fountaining ore pulp) of the mineralization (overlapping) period, and there may be activities after the mineralization.

5.2.4 Metamorphism

Due to the vaporization of hydrothermal fluid under high temperature as well as the contact metasomatism, new metamorphic rocks were then produced. Marbles of high purity and skarns were formed in the east side and the contact zone of the block respectively. Main mineral components include garnet, pyroxene, vesuvianite, actinolite, tremolite, calcite, etc. Such metasomatism had no material effect upon the products of mine.

5.2.5 Magnetic Anomaly Characteristics on Ground Surface

In the early stage, the mine owner conducted a magnetic survey for the site of Air Abu Iron Mine in which the area was 0.44 km^2 and the grid was 100 X 50. The survey of 100 X 10 – 100 X 5m was adopted for the surrounding area of the ore block. Two magnetic anomalies, referred to as No. C1 and C2, were found and are detailed as follows:

- C1 magnetic anomaly

It is distributed around the northwest of the map area and in an irregular form. The macro axis has a northwest direction, and is wide in the southeast part but narrow in the northwest part. It has a length of 280m, a width of 160-60m, the anomalous limits of 500 *r* at the minimum and 10,000 *r* at the maximum. The anomaly occurs in the contact zone of granite and limestone. On the east side of the anomalous zone, there is a small area of negative anomaly caused by horse stone.

C1 magnetic anomaly is consistent with Ore Block I of Air Abu.

Based on the distribution pattern of the contour line of the magnetic anomaly, the anomaly is concentrated in the southwest part which indicates that the anomalous bodies incline to the southwest. The findings of the heading face have shown that the actual conditions are consistent with the information of the magnetic survey. The ore block inclines towards the southwest with a dip angle of 55^o and a side tilt to the northwest along the strike. The average width of the anomaly is 106m and, taking into account the dip angle of the ore block, the depth of the block is 163m.

- C2 magnetic anomaly

The anomaly is distributed in the central part of the map area with E-W strike and in a spindle form. It has a length of 180m, a width of 30 – 60m and a low anomalous value. The anomalous characteristics are consistent with Ore Block II of Air Abu Iron Mine. There are two small ore blocks distributed around its east side and west side with S-N strike. These three blocks may have the same bottom in the deep part that such deep part may have a different strike of E-W. The anomaly occurs in the vicinity of the contact zone of granite body and limestone.

5.3 The Geological Conditions of Ore Blocks

Air Abu Iron Mine is obviously controlled by the faults, and produced nearby the contact zone of granite and limestone. The wall rocks containing ores are marble and limestone. In the mine, there are four large iron ore blocks in which Ore Block I and II are more representative. The details are made as follows:

5.3.1 Iron Ore Block I

The block is about 1km away from the south of Air Abu Village, and strikes NW. The coordinates of the mine occurrences are:

- Top plate outcrop point (the highest point) X=0700115, Y=9870375, H=177m.
- The lowest point of top plate of the block X=0700039, Y=9870486, H=1,712m.
- The highest point of bottom plate of the block X=0700001, Y=9870413, H=1,783m.
- The lowest point of bottom plate of the block X=0699977, Y=9870493, H=1,683m.

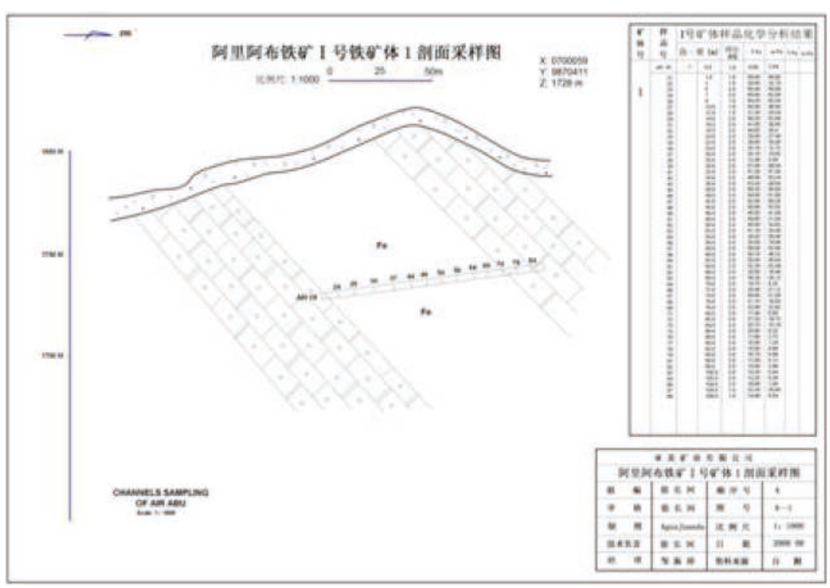


Figure 5-4: Illustration of Section Sample of Iron Ore Block I

Iron Ore Block I is being mined. Based on the observation of heading face, the block inclines to the southwest. The lower part shows 230<56°. The bottom plate of the block outcrops by 229m while the top plate outcrops by 141m with an average length of 185m. The thickness of the block varies widely, ranging from 60m to 30m. In comparison, the southeast part is thicker and the northwest part is thinner. The findings are basically the same as the results of the geophysical survey.

Part of the ore block contains the lamellas of garnet skarns, especially the central part of the block – interbedded strata (5-1m in thickness) around the top plate, which appear in an mutual overlapped form with the block.

The section of 0-38m from the bottom plate of the block contains ores of hypidiomorphic-xenomorphic granular texture with a structure of dense dissemination. The granularity of process mineralogy is 0.003-1.2mm and the highest grade of TFe is 64%.

The section from 38m to the top plate contains ores of xenomorphic granular – particle texture with a structure of tectum block. Magnetite is embedded in the xenomorphic irregular granular form. This type of ore is of a relatively high grade, up to 69%. A total of 88 samples have been taken in Ore Block 1 Platform and 2 Platform which have the TFe average grade of 40.08%. Rocks direct surrounding the ore block are garnet skarns. There is a clear, but irregular, contact boundary between them.

On the Vein I, there are other five thinner veins with a thickness less than 1m. They are non-continuously distributed, deeply oxidized and of limonite. Their TFe grade is 10.9-20.4%. (Table 5-2)

Table 5-2: Table of Characteristics of Ore Blocks of Air Abu

Block No.	Length of Block (m)	Average True Thickness (m)	Occurrence	Average Grade (TFe%)	Ore Type
I	225	33.59	230°<55°	40.08	Magnetite
II	202	9.28	301°<48°	36.27	Magnetite
III	57	2.7	Strike to 40°		Magnetite
IV	43	2.5	Strike to 28°		Magnetite

5.3.2 Ore Block II

This ore block is distributed in 110m away from Ore Block I in a vein form with S-N strike. Two outcrops are found in the block. They are (1) X=0700250, Y=9870490, H=1,740m; the occurrence of the upper part: 295°<45°; and the true ore thickness = 12.5m; and (2) X=0700300, Y=9870504, H=1,700m; the occurrence of the upper part: 295°<50°; and the true ore thickness = 10.9m.

The coordinate of controlled ore block point of trenching work: X=0700184, Y=9870401, H=1,747m; and the true ore thickness at that point = 5.3m.

The main mineral product is magnetite and the ore block has an average grade of 36.27%. The ore block is controlled by two sampling pits and one trench. Its actual length is 202m (see Table 5-2).

5.4 Ore Mineralogy

5.4.1 Ore Structure

The structure of ores in the mine can be basically classified into two types:

The first is euhedral-hypidiomorphic coarse-grained texture (see Figure 5-5) which mainly appears in the lower part of Ore Block I. The mineral grain of the vein is relatively large, with the largest crystalline magnetite up to 10mm, and constitutes a crystalline magnetite group.

Figure 5-5: Large Ores in the Magnetite Mine

The second is particle-cryptocrystalline texture with high grade up to 69%. It is contained between the middle and upper part of Ore Block I. In comparison with the lower part of the block, it has more horse stones. There are abundant iron ores in some parts of the section.

5.4.2 Ore Texture

The ore mainly has 3 textures:

(1) Coarse-grained texture: The magnetite aggregates are distributed in a balanced manner. In comparison, the mineral grains are thicker and the grade is higher, in which the highest iron content can reach 64% without impurity. This structure is relatively obvious in Vein I.

(2) Banded texture: The magnetite aggregates and horse stones of limestone are distributed alternatively in the form of band. Vein I has the properties of banded structure. The grade is relatively low (35-41%).

(3) Dense massive texture: The magnetite aggregates, in the forms of particle or cryptocrystalline, are distributed in a balanced manner. Most of the ores in Vein I have a dense massive structure. This type of ore has a relatively high grade in which the iron content can reach 69%.

5.4.3 Mineral Composition

Ore composition

(1) Ore minerals

Magnetite: It is a main useful mineral in the ore. Its content is 26%-65% and it is characterized as hypidiomorphic-euhedral particle aggregates or cryptocrystalline aggregate with the diameter of 0.5-5mm in general. Most of the magnetite aggregates are interlaced by small veins of limestone.

(2) Gangue minerals

The gangue minerals are mainly calcite and garnet. The garnet has a large crystal form and in good condition, yet it has impurity. Most of them appear in the forms of rhombic dodecahedron and trapezohedron.

Chemical compositions of ore

(1) Useful components

Iron in ore mainly occurs in magnetite and the rate of average distribution in ore reaches over 90%. A small part of iron is distributed in silicate minerals, and lesser in hematite and pyrite, which has a minimal significance in terms of iron content in the ore.

(2) Harmful components

After tested by the Test and Research Centre of Geology and Mineral Resources of Guangxi, China (中國廣西地質礦產測試研究中心), the harmful elements in ore include sulfur, phosphorus, lead, zinc and copper which only account for a small percentages (0.01-0.14%). Although the sulfur content is comparatively high (S=0.2%), it can be automatically separated by a magnetic separator as it is contained in pyrite, and thus has no effect on metallurgy. Also, a little pyrite content in the ore block is far below the specified benchmark.

(3) Slag component

It mainly includes SiO_2, Al_2O_3, CaO and MgO. They are mainly contained in gangue within the ore, and can be automatically separated by a magnetic separator. Please see Table 5-3 for the content.

Table 5-3: Table of Element Content of Ores

TFe	**Fe in mFe**	**Fe in CFe**	**Fe in SFe**	**Fe in SiFe**	**Fe_2O_3**	**Fe in limonite**
41.73	39.24	0.14	0.51	2.27	2.24	
CaO	**MgO**	**Pb**	**Zn**	**K_2O**	**Na_2O**	**Al_2O_3**
18.21	1.9	0.06	0.096	0.09	0.12	5.54
SiO_2	**S**	**TiO_2**	**As**	**Cu**	**P**	**Sn**
23.14	0.2	0.19	0.008	0.14	0.094	0.004

5.4.4 Ore Type

Natural type of ore

The natural type of ore is a block-banded magnetite type.

Industrial type of ore

According to the industrial requirement, the iron ores of this mine are required to go through the ore processing. The industrial type is the ores of low-grade ores which have relatively more magnetite content and are required for ore processing.

5.4.5 Wall Rock and Horse Stone of Ore Block

Wall rock of ore block

The near-ore wall rocks of ore block are mainly limestone and marble.

Horse stone of ore block

The horse stones of ore block are limestone. Based on the observation of heading face, there are two levels of horse stones, and the content of iron in horse stone is comparatively high against the normal grade of 17-28% TFe.

5.5 Causes of Deposits

(1) The ore block was produced on the contact zone of granite and limestone.

(2) The ore block is apparently controlled by faults. Thus, it is thick, and its boundary with wall rock is clear. It has a close relationship with the extensional shear fault. There are a great amount of garnets in the standard mineral whose crystal form is in good condition.

(3) The clear serrated boundary between iron ore and horse stones (mainly of garnet skarns) (see Table 5-6) reveals that ore pulp penetrated along the tensional faults in the later period.

Figure 5-6: The Serrated Boundary between Iron Ores (Black) and Garnets

The above characteristics reveals that the ore block was produced nearby the external contact zone of granite and limestone. It is a deposit of typical contact metasomatism and magmatic hydrothermal superimposition type.

5.6 Geological Exploration Work

5.6.1 Previous Exploration Work

1. In 1975, the national regional testing team of Indonesia carried out the geological mapping at the scale of 1:250000.

2. From 2004 to 2005, Yamin Mineral Resources Limited (亞民礦產資源有限公司) conducted a magnetic survey of 0.44 km^2 for geophysical exploration in Air Abu Iron Mine, which discovered two magnetic anomalies.

3. From 2005 to 2007, Zhongchen Mineral Resources Limited (中辰礦產資源有限公司) carried out the stripping on Ore Block I of Air Abu Mine.

4. The previous party (previous mine owner) constructed a total of 4 boreholes with the total workload of mechanic core drilling of 116.49m. Among the 4 boreholes, 3 boreholes reached the mine. Yet, due to the limited function of equipment, it only reached the top plate of ore block. The drilling work could not meet the prospecting requirement (see Table 5-5).

5.6.2 Prospecting Work Performed by Asian-American Company

1. In 2009, Asian-American Mineral Resources Co. Ltd (亞美礦產資源有限公司) carried out the geological mapping at 1:10000 in accordance with the Chinese Standard, and took an open mining on Ore Block I. It also conducted the geological profile survey and channel sampling work on Ore Block II.

2. It conducted survey on 3 profiles of ore blocks with the total length of 189.8m.

3. It collected 97 samples for chemical analysis by channel sampling.

4. Samplings were made to each representative point of each part of the ore block that 18 samples were collected. Weighing for 15 pieces of light-weight ores were conducted. (Test and Research Centre of Geology and Mineral Resources of Guangxi).

5. It carried out internal simple weighing for 15 pieces of ores.

6. 16 geological observation points on all parts of ore block.

7. It produced a set of 3-dimensional images regarding the states of Ore Block I by using AutoCAD software.

8. It conducted the resource/reserve estimation based on the outcrop conditions of ore blocks, the ground surface light engineering work, the previous shallow drilling, as well as the works including situations observed during the current mining, ore quality expressed in data of chemical analysis and the comprehensive analysis of the 3-dimensional model of ore block.

Please refer to Table 5-4 for the exploration work of mountain engineering conducted in Air Abu Iron Mine in recent years.

Table 5-4: Registration Form for Exploration Work in Air Abu Iron Mine

Engineering number	Expected results	Length of upper hole mouth (m)	Depth (m)	Starting date	Ending date	Compilation	Remarks
ZK01	Not yet achieved		27.34	2007.2	2007.2	Agus	
ZK02	Not yet achieved		28.6	2007.2	2007.2	Agus	
ZK03	Not yet achieved		30.12	2007.2	2007.2	Agus	
ZK04	Not yet achieved		30.43	2007.3	2007.3	Agus	
Heading Face Platform 1	Achieved	125		2009.4	Under mining	Xu Changhe (徐長河) Agus	
Heading Face Platform 2	Achieved	97.5		2009.6	Under mining	Xu Changhe Agus	
IIYK1	Achieved	24.3		2009.4	2009.4	Xu Changhe Agus	Sampling pits
TC02	Achieved			2009.9	2009.9	Xu Changhe Agus	
TC02	Achieved			2009.9	2009.9	Xu Changhe Agus	

5.6.3 Geological Exploration Work and Comments on Quality

Exploration method and work planning

Based on the outcrop of ore block, the previous mine owner conducted a 0.44-sq.m. geophysical exploration work in the mine with the exploratory grid of 100 X 50m. In the outcrop of ore block and its vicinity, a measurement method of 100 X 10m – 100 X 5m was adopted. It circled two magnetic anomalies, both of which were confirmed as mineral anomalies after the verification.

In early April of 2009, Asian-American Mineral Resources Co. Ltd conducted an open mining. In addition, a route geological survey at 1:10000 was also executed in the area with mining rights through which 3 iron mine occurrences were discovered.

In the meantime, trenching work for exploration was conducted in the section with suitable topographical conditions in order to delineate the border line of ore block in the selected section. A systematic sampling was also conducted on the exposed part of ore block. Its working method could basically meet the needs for general survey.

Geological mapping at 1:10000 and comments on quality

With the basis of regional geological map at 1:250000, the route is planned along the gully and ridge. Due to the grown vegetation, thick overlay and the relatively great thickness (3-15m), the natural outcrop points of batholith were rarely seen, and only a small quantity of outcrops of batholith were seen on the roadside and at the bottom of gully. The lithologies identified are granite, granodiorite, limestone, marble, gabbro, etc. The outcrop strata in the mine are simply limestone of the carboniferous system, and the marble only outcrops in a small quantity nearby the contact zone, as a result it has not divided a stratum separately. Although the lithologies on the map were simple, it could basically meet the requirement of general survey.

1:2500 Geological map

The 1:2500 relief map was made by the mining team's measurement that 0.44 sq.km. is outlined in the mining area of deposit. Due to the single lithology, a simple lithology is shown on the map. Basically we have found the ore-controlling factors and the cause of forming deposit that the scale of deposit is controlled by the contact zone of neutral-acidic rock and limestone. The deposit originated from a typical skarn-type deposit. The map basically meets the requirement of general survey.

Geophysical exploration work

An area of 0.44 sq.km. around the ore block was selected to conduct a ground surface magnetic survey with a grid of 100 X 50 – 100 X 10 – 100 X 5m, and 2 anomalies are delineated with the lower limit of 500^{γ}. They were found to be mineral anomalies after their exposure. The result reveals that the ground surface magnetic survey is a very effective means in finding iron deposits. Its working method and quality are up to the accuracy requirement set out in the Standard of Ground Surface Magnetic Methods (地面磁法規範).

5.7 Sampling, Assaying, Rock and Ore Examination and Comments on Quality

5.7.1 Sampling and Comments on Quality

Collection of samples for chemical analysis

Samples were collected, by channel sampling method (see Figure 5-7), from the part of true thickness of basic vertical ore blocks in the heading face of mining. The specification was 5 X 3cm and the normal length of sample was 2m where only the control sample collected from the edge of ore block occasionally exceeded 2m. Horse stones with thickness more than 2m were separately collected. The weight of samples and sampling method are both up to the requirement.

Figure 5-7: Geological Personnel Collected Samples for Chemical Analysis

Collection of other samples

(1) Light-weight samples: They were mainly collected from different seams and are of different ore types in Ore Blocks I and II. The weight of original sample ranges from 3000-5000g. After checking, the qualified rate is 100%.

(2) Samples for polished section and thin section analysis: Sampling is conducted for different ore types and different rock types. There were 2 polished sections and 2 thin sections. The sample specifications of 3 X 6 X 9cm satisfied the examination requirements.

5.7.2 Sample Test and Comments on Quality

Chemical sample test

The previous basic sampling analysis of chemical sample test was jointly conducted by Jakarta Office of Zhongye Mineral Resource Exploration and Development Ltd (中冶礦產資源勘查開發有限公司) and our laboratory. There were 50 samples and the basic analyzing items included TFe and mFe, in which the analysis results were in compliance with the quality requirement and the qualified rate was 100% after taking into account the relative errors.

There was one sample, which was a composite sample collected in Ore Block I, receiving a full chemical analysis. The analyzing items included TFe, mFe, hematite, Fe in limonite, Fe in siderite, Fe in pyrite, ferrosilicon, CaO, Na_2O, MgO, K_2O, Al_2O_3, SiO_2, S, Pb, Zn, Cu, P, As, Sn and TiO_2.

This time SRK supervised the sampling of 119 samples all the way. The assaying of samples were completed by the Laboratory of Regional Geological Survey Agency of Hebei Provincial Bureau of Geology and Exploration of China (中國河北省地勘局區域地質調查所實驗室), which is an institution of assaying and analysis with national qualification. The handling of samples was conducted in full compliance with the PRC standard.

SRK technical personnel was responsible for placing a total of 22 standard samples, blank samples, coarse-breaking-grained replicate samples and powder replicate samples without the company of laboratory staff and numbering the samples secretly. Among the samples, there are 8 replicate samples with the error rate of 1%, 10 high/low standard samples with the checking error rate of 8% and 4 blank samples without error. It can be observed that the assaying results (see Appendix 2) do not have any systematic error and the qualified rate is 100%.

Other sample tests

(1) Light-weight sample: It was undertaken by the test centre of Guangxi Bureau of Geology and Mineral Prospecting and Exploitation, and was tested by adopting wax sealing and draining method. The average weight of ore was estimated through the above method. The measurement method is reliable that can satisfy the requirement of resource/reserve estimate.

(2) Rock and mineral sample for examination: It was undertaken by the test centre of Guangxi Bureau of Geology and Mineral Prospecting and Exploitation of China. The test results are reliable and accurate that can satisfy the requirement of examination of general survey.

6. Estimates of Resources

6.1 Key Technical Benchmarks

Pursuant to the mining practice of Indonesia and by reference to similar deposits, SRK applied the following technical parameters in estimating the resources:

1. Cut-off grade: TFe≥20%

2. Industrial grade: TFe⩾25%

3. Minimum minable thickness: 1.0m

4. Horse stone eliminating thickness ⩾2.0m

6.2 Selection and Basis of Method of Resource Estimate

Ore Block I within the mine is composed of 2 veins, and Ore Block II is composed of 1 vein, both of which are in stratiform shape with simple ore properties, their occurrences are steep (>45°) and stable. The useable components of ore are distributed in a balanced manner. The deep part of ore blocks were not controlled by drilling work. According to the actual situation mentioned above, the geological blocking method was applied to the vertical longitudinal projection map for resource estimation.

The formulas of resource/reserve estimate are:

$Q= V \bullet D$

$V= S \bullet M$

In which,

Q = ore tonnage

V = volume of ore

D = weight of ore

S = vertical longitudinal projected area of ore block

M = horizontal thickness of block section

6.3 Determination of the Resource Estimate Parameter

6.3.1 Determination of Vertical Longitudinal Projected Area of Ore Block

Indicated resource (332): The vertical longitudinal projected area of ore block was calculated based on the length of the vertical ore block, measured by projecting the ore block on the vertical plane parallel to the strike of the ore block, multiplied by the mean of the visible heights of ore block outcrops.

Inferred resource (333): The block section area was calculated based on the length of exposed part in the heading face of ore block and the existing exploration depth, and that it was extended horizontally by 1/2 towards the external part (where it had anomaly based on magnetic survey) based on the grid of 100 X 80m.

6.3.2 Determination of Horizontal Thickness of Ore Block

The following formula was adopted in calculating horizontal thickness:

$$M=L \cdot \sin\gamma \cdot \cos\alpha$$

In which,

M: horizontal thickness of ore block

L: bevel thickness of cross-hatching line inserting in ore block

γ: included angle between cross-hatching line and ore block dipping

α: included angle between cross-hatching line and horizontal line

6.3.3 Determination of Weight of Ore

The gravity was determined by the test centre of Guangxi Bureau of Geology and Mineral Prospecting and Exploitation of China. By using wax sealing method, the mean of the determined results is 4.4.

In SRK's opinion, the gravity of iron ore and the grade of ore are directly related. This relationship was concluded by adopting the linear equation, which was then applied to resource estimate of every particular ore block. Now average grade was used in estimating the resource which may have inaccuracy in the results.

6.4 Principle and Method of Ore Block Delineation

6.4.1 Principle of Ore Block Delineation

Ore block delineation was delineated based on the technical indices of resource estimate and the results of sampling and analysis of ores in the heading face, and taking into account the previous drilling information, light engineering work on ground surface and geophysical anomalies.

6.4.2 Method of Ore Block Delineation

Based on the results of sampling and analysis of ores in the heading face, samples of TFe ⩾25% collected from the heading face were delineated as the ore blocks. Based on the observation of heading face, Ore Block I seemed to contain two horses of limestone. But through sampling and analysis, 9 samples of Ha76 – Ha86 (nos. 80 and 85 were reconstitutes) had lower grades, which were deleted after conversion into horizontal length.

6.4.3 Determination of Cut-off of Ore Block

Provided that there exists the magnetic anomaly, the ore block normally has the cut-off line to be set along the strike up to the anomaly value of more than 500γ, and set along the dip trend up to 1/3 of ore block length.

If outcrops of ore block were found in the heading face, and provided that there exists any magnetic anomaly, the ore block has the line to be set horizontally towards the external part (i.e. horizontally extension) based on 1/2 of the exploratory grid of 100 X 100m.

6.5 Resource Classification

According to the actual situation of the mine that it did not have in-depth engineering work to control the depth of ore block, the mineral resources within the mine can be classified as indicated resource and inferred resource.

(1) Indicated resource: The visible part of ore block based on the grid of 80 X 60m as controlled by ground surface mining.

(2) Inferred resource: The horizontal extension part of ore block along strike and dip trend based on 1/2 of the exploratory grid of 100 X 100m.

(3) Each of the ore blocks is numbered following the order of 1, 2, 3.......

On the above principles, Ore Block I is divided into 1 block section of indicated resource and 2 block sections of inferred resource (see Figure 6-1). Ore block II is divided into 1 block section of inferred resource (see Figure 6-2).

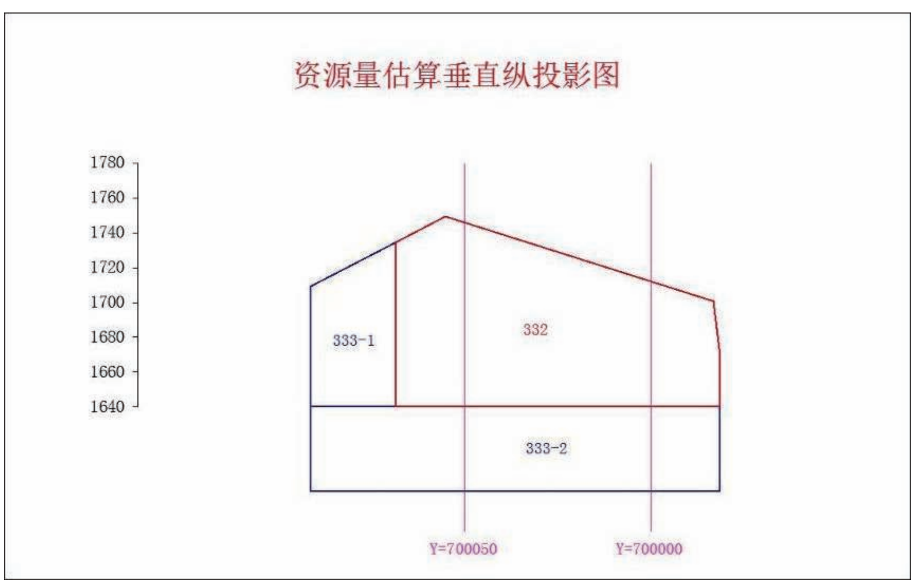


Figure 6-1: Vertical Longitudinal Projection Map for the Resource Estimate in Ore Block I

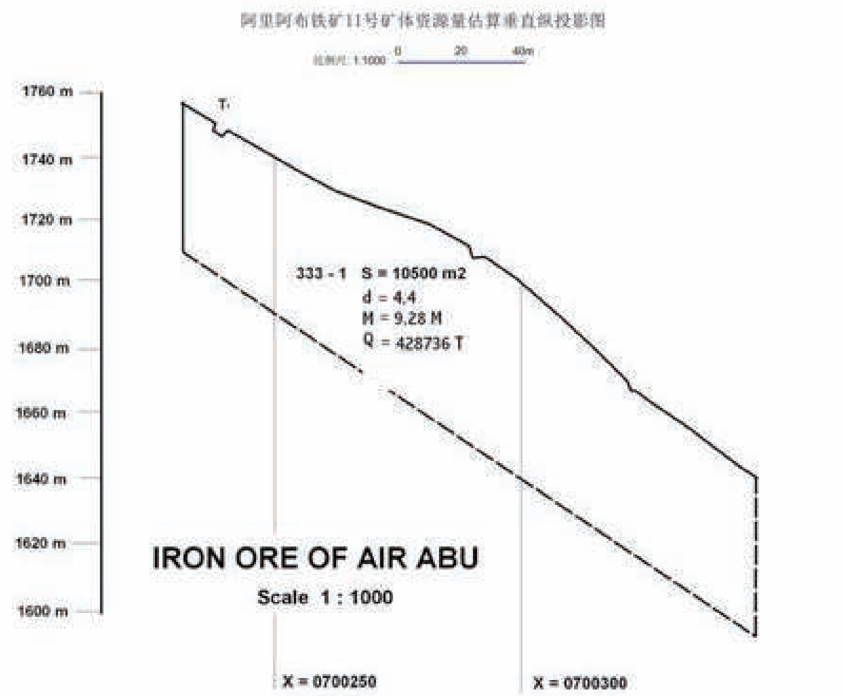


Figure 6-2: Vertical Longitudinal Projection Map
for the Resource Estimate in Ore Block II of Air Abu Iron Mine

6.6 Result of Result Estimate

SRK firstly applied the above method to estimate the resource of 2 vein strata of Ore Block I and Ore Block II. Please refer to Table 6-1 for the detailed estimate results of resources in conformity with Australasian JORC Code, which is summarized as follows:

- 3,067kt indicated resources with an average grade of 41.68% TFe;
- 3,35kt inferred resources with an average grade of 40.97% TFe.

Table 6-1: Table of Estimate Results of Resources of Air Abu Iron Mine

Ore block number	Resource Classification	Block section number	Ore block area (m^2)	Average thickness (m)	Gravity (t/m^3)	Ore tonnage ('000 t)	Average grade (TFe) (%)
I	Indicated	332	1,6082.40	43.34	4.4	3,067	41.68
	Inferred	333-1	3,977.6	43.34		759	
		333-2	11,335.7	43.34		2,162	
		Total				2,920	
II	Inferred	333	10,500	9.28	4.4	429	36.27
Total	Indicated					3,067	41.68
	Inferred					3,350	40.97

Checking of indicated resources of Ore Block I by MineSight

For the part of point-bit data of Ore Block I measured during the field study (Table 6-2), its 332 resources are estimated as 2,916kt by using MineSight software.

Table 6.2: Measured Value of Each Outcrop Point of Ore Block I of Air Abu Iron Mine

Point number	Coordinates Y	X	H	Remarks
A1	700068	9870412	1741	A is the first group of measured value; B is the second group of measured value
A2	700058	9870422	1740	
A3	700043	9870442	1738	
A4	699960	9870474	1736	
A5	700026	9870484	1707	
A6	699975	9870498	1710	
A7	700027	9870468	1732	
A8	700080	9870448	1728	
B1	700115	9870375	1776	
B2	700091	9870371	1785	
B3	700079	9870377	1791	
B4	700045	9870373	1793	
B5	700036	9870394	1793	
B6	700029	9870398	1794	
B7	700012	9870401	1793	
B8	700001	9870413	1794	

The 3-dimensional ore block model of Air Abu Iron Mine is built by using MineSight software, and the steps are shown as follows:

- Insert the outcrop points in Table 6-2 into MineSight, connect each actual measurement point to create a outcrop (see Figure 6-3).
- Use the "Extrude" function of MineSight software to extrude the outcrop to an elevation of 1,640m, at the same time set an offset distance of -10m (see Figure 6-4).
- build the 3-dimensional ore block model based on the outcrop in Figure 6-3 and model in Figure 6-4, and finally use "Volume Calculator" to calculate the volume and resource (see Figure 6-5).

This time the ore block model built has the volume of approximately 662,802m^3 and resource of approximately 2,916kt.

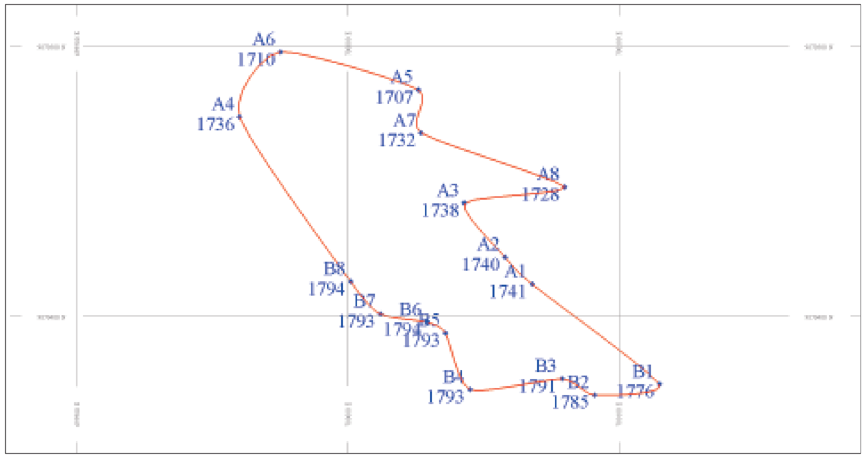


Figure 6-3: Outcrop of Ore Block I of Air Abu Iron Mine

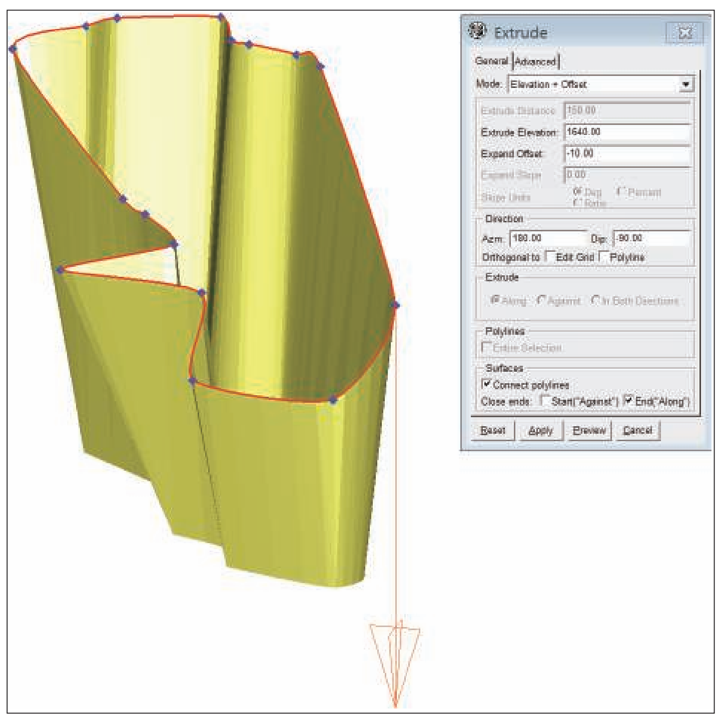


Figure 6-4: Use of Linker Instrument to Build a 3-Dimensional Block Model (with a total of 8 surfaces)

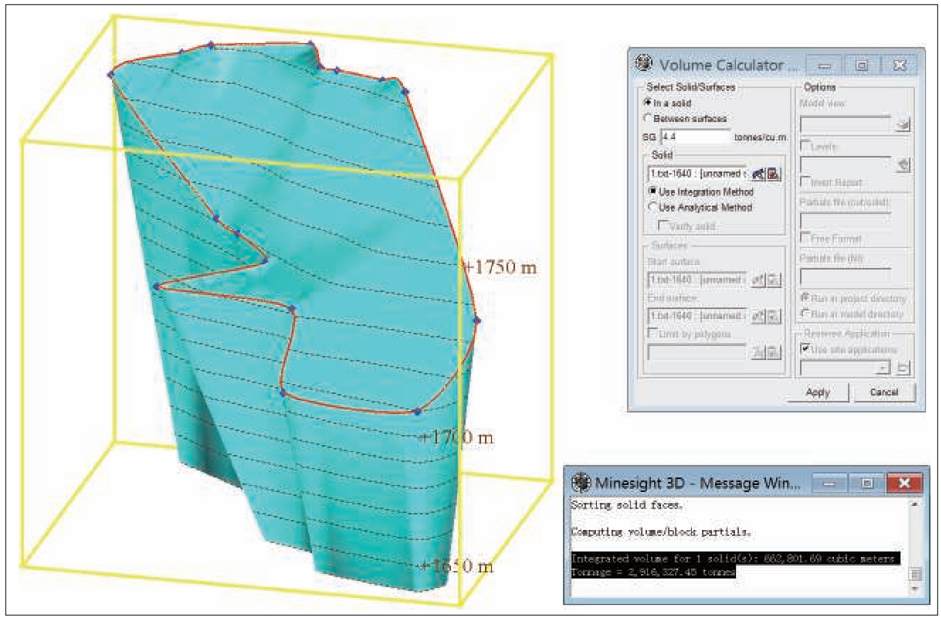


Figure 6-5: Resource Estimate Map of Ore Block I of Air Abu Iron Mine (SRK)

The above 2 methods of estimate have a difference of 150kt with a deviation of 5%. Table 6-1 shall prevail for the official resource.

7. Existing Problems and Suggestions for the Future Work

7.1 Existing Problems

In SRK's opinion, the extent of work in the mine is relatively low which does not have in-depth engineering work to control the extension of ore blocks. As a result, it does not have a detailed understanding about the scale of ore block. The quaternary system of the mine has a thick coverage and grown vegetation which brought huge difficulties in geological mapping at 1:10,000, leading to sparse geological observation points, few outcrop points and comparatively low precision of geological map. In addition, trenching work cannot be used to find geophysical anomalies.

7.2 Suggestions for the Future Work

SRK has the following suggestions for the Project:

– It should exercise control over Ore Blocks I and II at depth as soon as possible within a short period, adopt the exploratory grid of 100 X 80m and discover the states of ore blocks at depth by way of drilling;

– In order to expand the prospective resource/reserve of the mine, it is suggested to conduct magnetic survey with the grid of 50 X 20m in mine occurrences discovered within the mine;

– In order to optimize the current production, SRK suggests that the optimization work on open mining pits should be completed as soon as after the resources have been clearly defined;

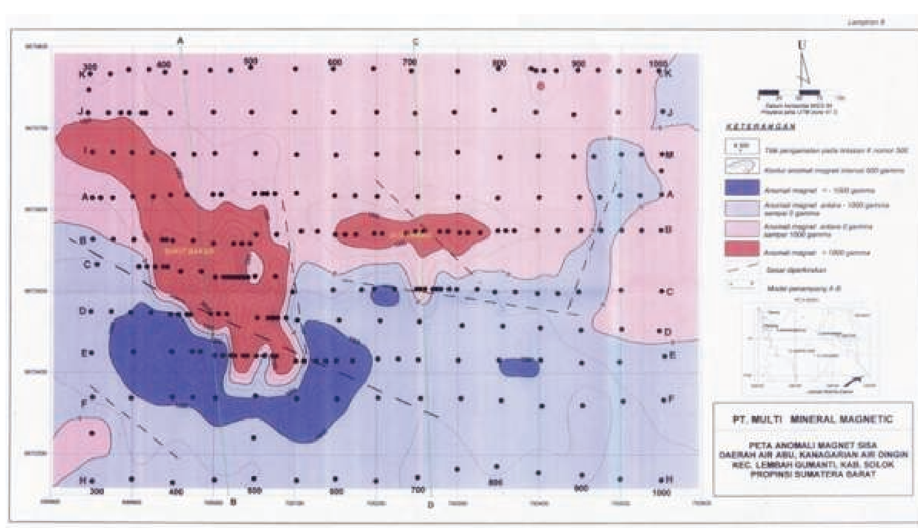
– In addition, as the weathering crust in the heading face currently being mined seems relatively thick, it should pay attention to the recovery of iron sand during the process of mining;

– This deposit is exploited by open mining, therefore it should pay attention to the stockpile of tailings during the process of mining so as to avoid the obstacle for mining arising therefrom. It is suggested to build a formal dump as soon as possible;

– The ore processing testing is performed in the laboratory, which may result in a certain degree of difference between the recovery rate of mining and the actual performance.

Figure: Anomaly Map of Magnetic Survey on the Ground of Air Abu Iron Mine Area

Contour Map of Magnetic Anomaly of Air Abu Iron Mine



Appendix 1: Exploitation Permit

REGENT OF SOLOK

DECREE OF REGENT OF SOLOK
Number: 65/BUP-2006

REGARDING

THE APPROVAL ON EXTENSION OF PERMIT ON MINING AND PRODUCTION OPERATION TO PT. MULTI MINERAL MAGNETIC (KW 04136 MMM)

REGENCY OF SOLOK,

Reading : a. Letter of from PT. Multi Mineral Magnetic Number: 002/MMM-Dir/VIII/2009 Dated 6th August 2009, concerning application for extension of Concession of Exploitation (Permit on Mining and Production Operation);

: b. Recommendation letter from Head of Sub-District Ngari Aie Dingin Number: 400/64/NAD-2009 Dated 2th September 2009, with the acknowledgement of Head of Village of Lembah Gumanti with registration Number: 400/38/CLBG-2009 dated 8th September 2009.

Adjudicating : a. whereas PT. Multi Mineral has been granted Concession of Exploitation with of approval by Regent of Solok Number: 345/BUP-2005 on the matter of decree for granting Concession of Exploitation (KW 04136 MMM) to PT. MULTI MINERAL MAGNETIC;

: b. whereas based on Approval letter of Regency Number: 345/BUP-2005 on granting of Concession of Exploitation for the period of 5 (FIVE) years, in line with this matter, the said Concession of Exploitation will expiry on 29th October 2010;

: c. whereas from the evaluation of activities, Three Monthly Report and Yearly Report from PT. MULTI MINERAL MAGNETIC had fulfilled all the conditions in the Statutory Regulation and to the related party had been granted extension of The Mining Concession of Exploitation;

: d. whereas based on the considerations as stipulated in point a, point b and point c, this is to state the decision of Regency of Solok in Approval on granting Extension of Permit on Mining and Production Operation to PT. MULTI MINERAL MAGNETIC (KW 04136 MMM).

Concerning :

1. Law Number 12 of 1956 regarding the Formation of Autonomous Regency within Central Sumatra Province;

2. Law Number 23 of 1997 regarding the Environment Management;

3. Law Number 10 of 2004 regarding the Formation of Law Regulation;

4. Law Number 32 of 2004 regarding the Regional Government; which had been replace by Law 12 of 2008 for the second revision of Law Number 32 of 2004 regarding the Regional Government;

5. Law Number 33 of 2004 regarding the Financial Balance between the Central and Regional Government;

6. Law Number 25 of 2007 regarding investment;

7. Law Number 26 of 2007 regarding Space planning;

8. Law Number 4 of 2009 regarding Mining of Minerals and Coal;

9. Government Regulation Number 27 of 1999 regarding the Analysis of Environment Impact;

10. Government Regulation Number 39 of 2004 regarding Relocation of Capital of Solok Regency from Solok Municipality to Kayu Aro-Sukarami (Arosuka) in the Area of Gunung Talang Sub-District, Regency of Solok;

11. Government Regulation Number 58 of 2005 regarding the Processing of Regional Monetary;

12. Government Regulation Number 38 of 2007 regarding Division of Authorization of Central Government, Regional Government and Government of Sub-district;

13. Government Regulation Number 26 of 2008 regarding the National Space Utilizations;

14. The Regional Regulation of Solok Regency Number 4 of 2005 regarding the Planning of Development in Long Term of Solok Regency of 2006-2025;

15. The Regional Regulation of Solok Regency Number 10 of 2005 regarding the Processing of Mining Sector;

16. The Regional Regulation of Solok Regency Number 19 of 2005 regarding retribution of general Mining Sector which had been replaced by Regional regulation of Solok Number 4 of 2007;

17. The Regional Regulation of Solok Regency Number 5 of 2005 regarding the Middle Term Planning of Solok Regency year 2006-2010;

18. The Decree of Regency of Solok Number 48/BUP-2003 regarding the Type of Business and/or the Activities Requiring the Preparation of Environmental Impact Assessments (AMDAL), the Efforts of Environmental Management and the Efforts of Environmental Monitoring as well as the period of Document Legalization of the said document;

19. The Decree of Solok Regency Number: 345/BUP-2005 regarding granting of Mining Concession of Exploitation (KW 04136 MMM) to PT. MULTI MINERAL MAGNETIC.

HAS DECIDED

First : To grant the extension of Permit on Mining and Production Operation to:

Company Name : PT. MULTI MINERAL MAGNETIC

Name of Director	:	MUHAMAD YAMIN KAHAR
Shareholder/Company	:	Indonesia
Country of origin for company	:	Indonesia
Company Address	:	Jl. Timor Timur Blok Y No.2 Ulak Karang Padang Sumatera Barat
Commodity	:	Iron Ore
Location of Mine	:	Jorong Aie Abu
Village Name	:	Aie Dingin
Sub-district	:	Lembah Gumanti
Regency	:	Regency of Solok
Province	:	West Sumatra
Location Code	:	KW 04136 MMM
Total area	:	44.38 Hectare

With the explanation of border and map territory of mining concession as listed in the Attachment I, to explore iron ore by fulfilling the obligations listed in the Attachment II of this decree.

Location for Processing and Refining: Within the areas of Permit on Mining and Production Operation (IUP). (Whenever the Location for Processing and Refining is carrying out outside permit areas, application for permit is needed according to Law and regulation).

Transportation and Selling: From Aie Dingin Village to Telur Bayur port.

Duration of concession:

a. Extension of IUP	:	5 Years
b. Production Period	:	5 Years

Second	:	The Mining Permit holders is entitled to carry out Construction, production and transportation and Selling activities; which was included processing and refinery within the Permit areas for the period of five years and options for further extension according to Law Number 4 of 2004.
Third	:	This decree of Regency of Solok valid from 30th October 2010 (The expiry date of Mining Concession of Exploitation) to 30th October 2015.
Fourth	:	This Permit on Mining and Production Operation is prohibited from transfer to others parties without the approval from Regency.
Fifth	:	PT. MULTI MINERAL MAGNETIC as holder of the Permit on Mining and Production Operation; in carry out is activities has right and obligations as stipulated in attached III in this decree.
Sixth	:	The Permit on Mining and Production Operation holder needs to submit activities plan and budget to Regency for approval within 60 working days.
Seventh	:	Within 90 working days after approval of Activities Plan and budget, Permit Holder of Mining Production operation has to carry out activities in the mine, as stipulated in fifth dictum.
Eighth	:	Without prejudice to the provisions of laws and regulations applicable, this Permit on Mining and Production Operation can be suspended or cancelled if the holder of Permit on Mining and Production Operation cannot fulfill the obligation as stipulated in Dictum Three, Dictum Four and Dictum Five in this decree.
Ninth	:	This Decree of Regency is valid since the date of settled.

Settle in Arosuka
On the date of 11th September 2009
Regency of Solok

Sign By,
GUSMAL

CC To:

1. Minister of Energy and Mineral Resources in Jakarta

2. Minister of Finance in Jakarta

3. Director General of Taxes, Department of Finance in Jakarta.

4. Director General of Treasury, Department of Home in Jakarta.

5. Director General of Regency Income, Department of Home in Jakarta.

6. Governor of West Sumatra in Padang.

7. Head of Legal and Public Relations, Head of Finance, Head of Planning and Oversea Cooperation, Scretary General of Energy and Minerals Department in Jakarta.

8. Director of Technical and Environment for Minerals, Coal and Global Warming in Jakarta.

9. Director of Planning for Mineral, Coal and Global Warming in Jakarta.

10. Director of Taxes for Land and Building, Department of Finance in Jakarta.

11. The Head of Mining and Energy Agency in Province of West Sumatra, Padang.

12. The Head of BPM Regency of Solok Regency in Arosuka.

13. Divisional Head of Government Regional Secretary of Solok Regency in Arosuka.

14. Divisional Head of Economy, Regional Government of Solok in Arosuka.

15. The Head of Sub District of Lembah Gumanti at Aie Dingin.

16. The Head Village of Aie Dingin.

17. Director of PT. Multi Mineral Magnetic.

Attachment II : DECREE OF REGENCY OF SOLOK
Number : 540-379-2009
Date : 11th September 2009

COORDINATE LIST

Company Name : PT. MULTI MINERAL MAGNETIC
Location
Village : Air Abu/ Air Dingin
Sub-district : Lembah Gumanti
Regency : Solok
Province : West Sumatra
Minerals : Iron Ore
Areas : 43.26 Hectares
Specification of projection : Longitude/Latitude

The Explanation of Border/Coordinate

Number of Coordinate Points	East Longitude			Latitude (North/ South)		
	0	’	”	0	’	”
001	100	48	10.10	001	10	06.00
002	100	48	10.10	001	10	24.00
003	100	47	44.25	001	10	24.00
004	100	47	44.25	001	10	06.00

REGENCY OF SOLOK,

Sign by
GUSMAL

ATTACHMENT III
THE DECREE OF REGENCY OF SOLOK
Number : 540-379-2009
Date : 11th September 2009

RIGHTS AND OBLIGATIONS

RIGHTS

1. To enter in Permit areas (WIUP); according to map and coordinate.

2. To carry out Mining operation (Construction, Production, Refinery Processes and Transportation and selling) according to related Law and regulations.

3. To Construct supporting facilities for Mining (Construction, Production, Refinery Processing and Transportation and selling) within or outside Concession areas.

4. To stop the mining activities (Construction, Production, Refinery Processing and Transportation and selling) in partial or entire area, in entire or partial processes, with the reasons of the mining is not feasible to operate commercially or such situation that prohibit resulting in stoppage in partial or entire operation.

5. To submit application for mining of minerals other than associated mineral stated in concession.

6. To submit letter of declaration for not interested to mine minerals others that associated mineral stated in the concession.

7. To use facilities and infrastructure in carrying out the operation (Construction, Production, Refinery Processing and Transportation and selling), according to related law and regulations.

8. To form cooperation with other business entities (both affiliated or not), in utilization of facilities owned, according to related law and regulations.

9. To construct facilities and infrastructure in the areas of others Concession (WIUP) after obtained approval from others Concession holder.

OBLIGATIONS

1. Obligate to follow jurisdiction of local courts in the area of Permit located.

2. Obligate to carry out and submit report for marking /fixing of boundary areas of Permit within 6 months after the date of this decree, pursuant to the prevailed regulation.

3. Relationship between the Holder of Permit and the third party become a responsibility of the Holder of Permit pursuant to the prevailed regulation.

4. Obligate to provide report of investment.

5. Obligate to present the reclamations plan.

6. Obligate to present the post mining plan.

7. Obligate to place warranty for post mining plan.

8. Present the activities plan and budget (RKAB) latest by the month of November which shall include next yearly plan and accomplished activities in the year to Regency and copy to Minister and Governor.

9. Obligate to present periodical tri-monthly activity report within 30 (thirty) days of tri-monthly to the Regency and copy to Minister and Governor.

10. If the Permit Holder failed to submit report for activities plan and budget (RKAB) and others report as stipulated in point 8 (Eight) and point 9 (Nine) above within the given period, written warning will given to the Permit Holder.

11. Obligate to present report for production and marketing pursuant to the prevailed regulation.

12. Obligate to present the plan for development and empowerment of local community to the Regency.

13. Obligate to present the mining and environment plan (RKTTL) every year before submission of activities plan and budget (RKAB). Pursuant to the prevailed regulation.

14. Obligate to pay taxes pursuant to the prevailed regulation.

15. Obligate to pay fixed fee every year and also royalty pursuant to the prevailed regulation.

16. Obligate to place reclamation warranty before executing mining activity (ies) and operational production pursuant to the prevailed regulation and law.

17. Obligate to present the mine closing plan 2 (Two) before the end of mining activities.

18. The Holder of permit must nominate the Head of Mining Technique whom will be responsible upon the execution of mining exploitation, occupational Health and Safety and Mining Environment Management.

19. Production activities began when installed production capacity has reached 70% of the planned.

20. Application for extension of this Mining Permit for production have to submit 2 (Two) years before the expiry date of this permit and also with the fulfilling of the others provisions.

21. The Omission of provision as stated in point 20 (Twenty) will result in the cancellation of Mining Permit and the mining activities have to be stop. And latest within 6 (six) month after ending of this decree, the Holder of permit must remove out his entire asset, except objects/building that use for the good of general public.

22. If after the giving period as stipulated in the point 21, the holder of permit failed to remove his belonging, then the objects/Asset will became government property.

23. Holder of Mining Permit must prepare the data and information whenever requested by government.

24. Holder of Mining Permit must prepare the data and information in order to be check now and then.

25. Application of good mining practice.

26. Processing of finance according to Indonesia Accounting system.

27. Periodically report on implementation of development and empowerment of local community.

28. Prioritized the use of local workforce, local products and service Pursuant to the prevailed regulation.

29. Prioritized on buying local product from local suppliers Pursuant to the prevailed regulation.

30. Prioritized as optimum as possible the utilization of local/national mining service provider.

31. Prohibited from involving subsidiaries and/or affiliates in the field of mining service business in the areas of Mining Permit, accept with the approval from Minister.

32. Provide information on the execution on the use of supporting services.

33. Surrender all the data that obtain from activities of Mining Production operation to The Regency with copy to Minister and Governor.

34. Present the proposal which minimally include in aspect of Technique, finance, production and marketing and environment as prerequisite for the application of Mining Production Operation Permit extension.

35. Obligate to pay compensation upon the right of land and object on the land that being affected of mining activities.

36. Prioritized the demand in the country Pursuant to the prevailed regulation.

37. Selling of product to affiliates have base on the market price.

38. Signing of Long term supply contract (minimum 3 years) must have approval from Minister.

39. The Company must process the production in the country.

40. Construction of facilities and infrastructure which included:

    a. Facilities and equipments for mining.

    b. Installation and equipments which improve the quality of mineral/coal.

    c. Facilities include docks, ports, Jetty, bridges, barges, water breaker, terminal facilities, workshops, stockpile areas, warehouses and equipment for loading and unloading.

    d. Facilities for transportations and communication which include road, bridges, vessal, ferry, Airport, railway, Airplane landing areas, airplane hanger, garage, fuel pump, radio and communications facilities, and telegraph/telephone facilities.

    e. Urbanization, which included houses, shop, schools, hospital, theater and others building, facilities and equipment for staffs/family of contractors.

    f. Electricity, water and water discharge facilities included development of electricity (of water, steam, gas or diesel), grid, dam, water drainage, water preparation system and tailing disposal system, waste water from factory and waste water from houses.

    g. Others facilities, which included but not limits to machine workshop, workshop for foundry and repair.

    h. All others additional facilities or other facilities, factory and equipments needed and suitable for the operational on the mining areas or preparation service or carry out supporting activities which incidental in nature.

REGENCY OF SOLOK

GUSMAL

Appendix 2: Assaying Results

Test number	Sample number	ω(TFe)/%	ω(mFe)/%	Remarks*
2550001	aH-19	9.50	2.04	
2550002	aH-20	27.10	18.44	Low standard sample
2550003	aH-21	58.60	56.80	
2550004	aH-22	39.00	32.76	
2550005	aH-23	60.40	58.88	
2550006	aH-24	65.90	62.56	
2550007	aH-25	53.30	47.20	High standard sample
2550008	aH-26	64.20	62.04	
2550009	aH-27	50.50	46.00	
2550010	aH-28	31.30	25.04	
2550011	aH-29	56.20	52.68	
2550012	aH-30	8.80	1.76	Coarse-breaking-grained replicate sample
2550013	aH-31	41.50	36.00	
2550014	aH-32	44.60	38.40	
2550015	aH-33	35.80	27.40	
2550016	aH-34	38.60	30.40	
2550017	aH-35	0.30	0.00	Blank sample
2550018	aH-36	20.10	12.72	
2550019	aH-37	28.10	18.92	
2550020	aH-38	12.40	2.84	
2550021	aH-39	51.90	46.84	
2550022	aH-40	56.70	52.28	Powder replicate sample
2550023	aH-41	61.30	57.40	
2550024	aH-42	56.60	53.24	
2550025	aH-43	53.20	49.84	
2550026	aH-44	58.20	55.00	
2550027	aH-45	26.80	18.60	Low standard sample
2550028	aH-46	54.50	51.56	
2550029	aH-47	62.60	60.28	
2550030	aH-48	56.90	53.52	
2550031	aH-49	45.50	41.08	
2550032	aH-50			
2550033	aH-51	54.90	21.84	
2550034	aH-52	40.90	34.92	
2550035	aH-53	41.10	34.48	
2550036	aH-54	36.20	29.40	
2550037	aH-55	52.50	47.04	High standard sample
2550038	aH-56	28.80	19.96	
2550039	aH-57	56.00	52.08	

Test number	Sample number	ω(TFe)/%	ω(mFe)/%	Remarks*
2550040	aH-58	50.70	46.32	
2550041	aH-59	50.50	45.64	
2550042	aH-60	45.70	41.16	Coarse-breaking-grained replicate sample
2550043	aH-61	32.30	22.48	
2550044	aH-62	28.50	19.48	
2550045	aH-63	36.30	28.12	
2550046	aH-64	19.70	9.32	
2550047	aH-65	0.32	0.00	Blank sample
2550048	aH-66	30.40	21.12	
2550049	aH-67	59.60	21.08	
2550050	aH-68	27.10	16.92	
2550051	aH-69	32.80	22.92	
2550052	aH-70	50.30	45.44	Powder replicate sample
2550053	aH-71	17.40	8.56	
2550054	aH-72	27.20	16.72	
2550055	aH-73	25.70	15.16	
2550056	aH-74	20.80	9.32	
2550057	aH-75	27.20	18.36	Low standard sample
2550058	aH-76	11.60	2.72	
2550059	aH-77	10.90	1.24	
2550060	aH-78	10.50	0.68	
2550061	aH-79	16.70	6.96	
2550062	aH-80	52.50	47.00	High standard sample
2550063	aH-81	11.50	0.12	
2550064	aH-82	15.60	3.96	
2550065	aH-83	14.30	0.44	
2550066	aH-84	13.20	0.28	
2550067	aH-85	20.40	8.88	Coarse-breaking-grained replicate sample
2550068	aH-86	16.90	1.40	
2550069	aH-87	33.20	20.60	
2550070	aH-88	14.40	0.52	
2550071	aH-89	19.60	7.00	
2550072	aH-90	0.40	0.04	Blank sample
2550073	aH-91	34.90	25.96	
2550074	aH-92	27.40	16.84	
2550075	aH-93	26.80	15.44	
2550076	aH-94	49.60	40.40	
2550077	aH-95	13.00	0.32	Powder replicate sample
2550078	aH-96	34.20	26.04	
2550079	aH-97	45.40	39.48	

Test number	Sample number	ω(TFe)/%	ω(mFe)/%	Remarks*
2550080	aH-98	35.70	28.68	
2550081	aH-99	16.10	3.44	
2550082	aH-100			
2550083	aH-101	21.80	10.28	
2550084	aH-102	39.80	31.96	
2550085	aH-103	37.40	29.36	
2550086	aH-104	39.10	31.28	
2550087	aH-105	26.90	18.60	Low standard sample
2550088	aH-106	35.10	26.24	
2550089	aH-107	28.70	18.84	
2550090	aH-108	44.30	37.60	
2550091	aH-109	50.50	44.60	
2550092	aH-110	52.40	47.40	High standard sample
2550093	aH-111	45.30	38.92	
2550094	aH-112	47.50	41.08	
2550095	aH-113	47.70	41.64	
2550096	aH-114	20.00	7.80	
2550097	aH-115	39.50	31.92	Coarse-breaking-grained replicate sample
2550098	aH-116	21.90	10.48	
2550099	aH-117	20.40	6.96	
2550100	aH-118	22.60	9.92	
2550101	aH-119	43.90	36.40	
2550102	aH-120	0.32	0.00	Blank sample
2550103	aH-121	54.30	50.32	
2550104	aH-122	55.20	52.12	
2550105	aH-123	45.40	39.76	
2550106	aH-124	59.50	56.72	
2550107	aH-125	27.10	18.82	Low standard sample
2550108	aH-126	47.20	41.48	
2550109	aH-127	55.00	51.44	
2550110	aH-128	60.20	58.04	
2550111	aH-129	5.60	0.08	
2550112	aH-130	52.60	47.16	High standard sample
2550113	aH-131	45.80	37.40	
2550114	aH-132	31.40	16.92	
2550115	aH-133	49.70	40.40	
2550116	aH-134	37.70	24.64	

Test number	Sample number	(1)(TFe)/%	(1)(mFe)/%	Remarks*
2550117	aH-135	59.40	56.56	Powder replicate sample
2550118	aH-136	26.50	5.44	
2550119	aH-137	29.10	7.20	
2550120	aH-138	33.70	18.88	
2550121	aH-139	7.30	1.80	

* Information in Remarks is added by SRK.

GRANT SHERMAN APPRAISAL LIMITED

Room 1701 on 17/F
Jubilee Cente
18 Fenwick Street
Wanchai, Hong Kong

10 December 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 Coal and Mining Limited ("the Company"). The Company has a 95% equity interests in P.T. ACME Mining and Resources ("P.T. ACME"), which indirectly owns 100% beneficial interest in P.T. Multi Mineral Magnetic ("P.T. Multi") through a share pledge arrangement. P.T. Multi Mineral Magnetic has obtained the exploration permit in October 2008 and the exploitation permit in January 2009 for iron ore in Padang, Sumartra, Indonesia. It has also obtained the exploitation permit for a neighboring iron mine in August 2004.

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.

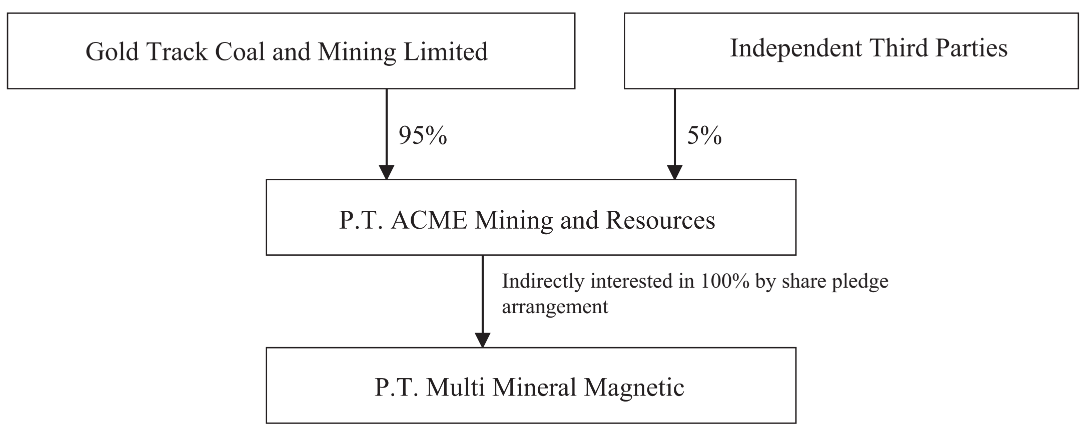
We have conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Committee (the "IVSC"). According to IVSC, fair value is defined as *"The amount for which an asset could be exchanged or a liability settled, between knowledgeable, 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 30 September 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 Coal and Mining Limited was incorporated in the British Virgin Islands in May 2008, and is 32% owned by Mr. Chan Ping Che and 68% owned by Gold Track Holdings Inc. The Company is an investment holding company holding P.T. ACME and P.T. Multi, which has obtained the exploration permit in October 2008 and the exploitation permit for iron ore exploitation in Padang in January 2009. P.T. Multi has also obtained the exploitation permit for a neighboring iron mine in August 2004. However, the potential value of this neighboring iron mine is not reflected in this valuation since no production is planned for it at the current stage according to the management of the Company. The shareholding structure of the Company is shown below:



P.T. ACME is a company incorporated in Indonesia in February 2009 with limited liability and whose entire issued share capital is owned as to 95% by the Company. It is principally engaged in provision of mining services and mineral sale services.

P.T. Multi is a company incorporated in Indonesia on 30 June 2004 with limited liability and its entire issued share capital will be wholly beneficially owned by P.T. ACME as a result of the share pledges arrangement between P.T. ACME and P.T. Multi. P.T. Multi has obtained (i) the relevant governmental exploration license for locating and discovering the natural resources in or around the nearby area of the mine located in Padang, Sumatra, Indonesia ("the Mine"), (ii) the exploitation license for mining the iron resources contained in the Mine and (iii) the mineral resources export license for exporting the minerals exploited in the Mine to other countries.

The Mine

According to the Company shareholding structure, the Company owns 95% of the Mine which is located in Padang, Sumatra, Indonesia with an aggregate mining area of 44.38 hectares. According to the technical report provided by SRK Consulting Engineers and Scientists[1], the Mine is estimated to have 3,067,000 tons indicated iron resources and 3,350,000 tons inferred iron resources as measured by the Joint Ore Reserves Committee (JORC) Code, an Australasian code for reporting of exploration results, mineral resources and ore reserves. The Mine is located 92 km northeast of Padang city.

Mining services and mineral sale agreement

According to the mining services agreement, P.T. ACME will provide mining and exploration of iron ore and other related services to P.T. Multi for the term stipulated in the exploitation license, which is owned by P.T. Multi. It is intended that P.T. ACME will undertake all expenditure in relation to the exploitation and will recover its costs by charging P.T. Multi a mining services fee which represents the actual cost of mining plus a margin to ensure that P.T. ACME will earn a reasonable return. Moreover, P.T. ACME will procure buyers for the iron resources exploited from the Mine, according to the mineral sale agreement. Such agreement will be valid throughout the term of the exploitation license granted to P.T. Multi and it is intended that P.T. ACME will procure international buyers of the iron resources.

INDUSTRY AND MARKET OVERVIEW

Iron Ore Production in the World

Iron ore is a hard rock mineral and is used to make pig iron which is a raw material of steel. The Mineral Information Institute, an American minerals and mining educational institution, pointed out that approximately 98% of mined iron ores are used to make steel[2]. According to U.S. Geological Survey (USGS), a scientific agency of the United States government, China, Brazil, Australia, India and Russia are the major iron ore producers in the world. Total resources of the world estimated by USGS exceed 800 billion tons of crude ores which contain more than 230 billion tons of iron[3].

1 印度尼西亞巴東省嘍樓縣阿里阿布鐵礦地質和資源報告; SRK Consulting China Ltd; Nov 2009

2 "Iron Ore: Hematite, Magnetite & Taconite", Mineral Information Institute, http://www.mii.org/Minerals/photoiron.html

3 Mineral Commodity Summaries, January 2009, U.S. Geological Survey

Exhibit 1: World Production of Iron Ores from 2005 to 2008 (Thousand Metric Tons)

	2005	2006	2007	2008[e]
China*	420,000	601,000	707,000	770,000
Brazil	281,462	317,800	354,674	390,000
Australia	261,855	275,098	299,009	330,000
India	140,000[e]	160,000[e]	180,000	200,000
Russia	96,764	102,000	105,000	110,000

Sources: 2007 Mineral Yearbook of Iron Ore, U.S. Geological Survey
Mineral Commodity Summaries, January 2009, U.S. Geological Survey

Notes: [e] Estimated by U.S. Geological Survey
* Iron Ore productions in China estimated by USGS are based on crude ore, rather than usable ore, which is reported for the other countries

Mining Industry in Indonesia

Indonesia is one of the richest mineral resource countries in Southeast Asia and the major mineral commodities of Indonesia are bauxite, gold, copper, silver, nickel and tin, etc. In 2008, Indonesia was one of the top 10 producers of tin, gold, copper and nickel in the world according to USGS[4]. Development of mineral had been an important part of the Indonesian government's plan for economic growth[5].

Indonesian economy benefits from the mining industry. Indonesian mining industry contribution to GDP increased 23% from Rp130.70 trillion in 2006 to Rp160.46 trillion in 2007 according to Badan Pusat Statistik (Statistics Department in Indonesia) and PricewaterhouseCoopers (PwC) (See Exhibit 2), while the industry contribution to Indonesian exports increased 18% from USD20.03 billion in 2006 to USD23.58 billion in 2007 according to Bank Indonesia and PwC[6]. Although the mining industry contributed only approximately 4% to the total Indonesian GDP in 2007[7], it should be noted that it represents a much larger percentage of GRDP (Gross Regional Domestic Product) in several Indonesian provinces including Papua, Bangka-Belitung, West Nusa Tenggara and East Kalimantan[8].

Exhibit 2: Mining Industry's Contribution to Indonesia (Currency: Rp Trillion)

	2006	2007	Movement
Mining industry contribution to GDP	130.70	160.46	+23%

Sources: Badan Pusat Statistik – Indonesia
MineIndonesia 2008 – Review of Trends in the Indonesian Mining Industry, PricewaterhouseCoopers

3 Mineral Commodity Summaries, January 2009, U.S. Geological Survey
4 Mineral Commodity Summaries, January 2009, U.S. Geological Survey
5 2006 and 2007 Mineral Yearbook of Indonesia, U.S. Geological Survey
6 MineIndonesia 2008 – Review of Trends in the Indonesian Mining Industry, PricewaterhouseCoopers
7 Badan Pusat Statistik – Indonesia
8 MineIndonesia 2008 – Review of Trends in the Indonesian Mining Industry, PricewaterhouseCoopers

Increase in exploration and discovery of new mineral reserves are essential for developing the Indonesian mining industry in the long run. In 2007, exploration expenditure in Indonesia increased from USD59.90 million in 2006 to USD94.60 million, which accounted for 22% of the Pacific and Southeast Asia region's expenditures for hard rock minerals according to USGS[9]. Besides, the discovery of mineral deposits in Indonesia is expected to increase in the future. The Business Monitor International, specializing in industry analyses, 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 USD50 billion in 2011[10].

Demand of Iron Ore in China

China is one of the leading economic and trade countries of the world because it has 1.3 billion of population and has huge market potential. China is one of the few countries in the world whose domestic demand and supply of commodities would affect the global mineral market. In 2008, China's mineral trade accounted for 25.70% of the country's total trade. According to the general administration of customs of China, the value of mined mineral product imports increased to USD231.10 billion in 2008, an increase of 59.20% from that of 2007[11].

According to the research article from ResearchandMarkets, China domestically consumes over 50% of the total iron ore production in the world[12] because China is one of the global leading producers of pig iron and steel. Since the domestic iron ore production of China has not been able to meet its domestic demand, China needs to import iron ores from other countries. According to USGS, China mainly imported iron ore from Australia, Brazil, India, South Africa and Canada[13].

Exhibit 3: China: Imported Quantity and Value of Iron Ore in 2008

	Quantity (Metric tons)	Value (Thousands)
Iron ore	443,560,000	USD60,531,628

Source: 2008 Mineral Yearbook of China, U.S. Geological Survey

USGS indicated that the amount of iron ore import to China increased 15% from 383.09 million metric tons in 2007 to 443.56 million metric tons in 2008. The demand of imported iron ore in China is expected to continue increasing in the future. The research article from ResearchandMarkets forecasted that China's import of iron ores will increase from 275 million tons in 2005 to 540 million tons in 2010[14].

9 2006 and 2007 Mineral Yearbook of Indonesia, U.S. Geological Survey
10 The Indonesia Mining Report 2008, Business Monitor International
11 2008 Mineral Yearbook of China, U.S. Geological Survey
12 China industry research and investment analysis: iron ore mining industry, 2008 http://www.researchandmarkets.com/reports/588147
13 2008 Mineral Yearbook of China, U.S. Geological Survey
14 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 similar 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 business prepared by 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 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 P.T. ACME and P.T. Multi 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 3.067 million tons of iron classified as indicated resources based on JORC code and 3.35 million tons of iron classified as inferred resources. We used a 100% of recovery rate and a 70% of recovery rate in this valuation for indicated resources and inferred resources respectively;

- According to the information provided by the Company, an average selling price of extracted iron would remain at US$75 per ton for 52% – 57% iron and US$90 per ton for 63.5% iron during the period between 2009 and 2014, which is employed in this valuation; 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 27.8% is appropriate for valuing both P.T. ACME and P.T. Multi.

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 5.81% 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 Feasibility Study Report and the Forecast. Uncertainty results from the lack of historical data to support the projected data in the Forecast. To reflect the start-up 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 and the selling price of iron as the variables 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$303.2 million to HK$317.1 million as the discount rate decreases from 28.8% to 26.8% for P.T. ACME and P.T. Multi, while the fair value of the Company falls in the range of HK$345.0 million and HK$275.0 million as the selling price changes from +5% to -5%.

However, since the Company is not valued as a going concern and would stop operation after 2015 when the minable resources are all extracted, there is not a perpetual growth rate assumed in this valuation and thus no growth rate sensitivity analysis is included.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of 30 September 2009 the fair value of the Company is reasonably stated by the amount of **HONG KONG DOLLAR THREE HUNDRED AND TEN MILLION (HK$310,000,000) 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, MBA

(A) REPORT FROM ANDES GLACIER & CO.

Set out below are texts of the reports from Andes Glacier & Co. and the Board in connection with the cash flow forecasts underlying the valuation on Gold Track Coal and Mining Limited as at 30 September 2009 and are prepared for the purpose of inclusion in this circular.

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

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

19 January 2010

The Board of Directors
Sun International Group Limited
21/F The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

Sun International Group Limited (the "Company") and its subsidiaries (the "Group") and Gold Track Coal and Mining Limited (the "Target Company") (together with Group hereinafter referred to as the "Enlarged Group")

Comfort letter on the Valuation Report as contained in the Company's circular dated 19 January 2010 (the "Circular") – Major Transaction and Connected Transaction

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 10 December 2009 prepared by Grant Sherman Appraisal Limited (the "Valuer") in respect of the fair value of 100% equity interest in Gold Track Coal and Mining Limited ("Target Company") as at 30 September 2009 as set out in Appendix V of the circular of Sun International Group Limited (the "Company") dated 19 January 2010 (the "Circular") in connection with the proposed acquisition of 54% interest in Target Company 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 V of the Circular.

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

(B) REPORT FROM THE BOARD

Sun International Group Limited
太陽國際集團有限公司
21/F, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong

Date: 19 January 2010

The Stock Exchange of Hong Kong Limited
11th Floor
One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sir/Madam,

Discounted Cash Flow Forecasts of 100% equity interest in Gold Track Coal and Mining Limited

We, the undersigned, being the directors of Sun International Group Limited (the "Company"), hereby confirm that, in compliance with the Rules (the "GEM Listing Rules") Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, have reviewed the calculations for discounted cash flow forecasts in the valuation report (the "Valuation Report") issued by Grant Sherman Appraisal Limited (the "Valuer") regarding the fair value of 100% equity interest in Gold Track Coal and Mining Limited as at 30 September 2009 for which the Valuer is solely responsible for.

Pursuant to the Rule 19.62 of the GEM Listing Rules, the reporting accountants of the Company, Andes Glacier & Co., have examined the arithmetical accuracy of the calculation of the Valuation Report in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants.

We hereby confirm that the discounted cash flow forecast made pursuant to the Valuation Report as set out in appendix V of the circular dated 19 January 2010 is made after due and careful enquiry.

Yours faithfully,
For and on behalf of
the board of directors of
Sun International Group Limited
Tang Hon Kwong
Executive Director

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:

(a) the information contained in this circular is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) 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. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in Shares

Name of Director	Type of interests	Number of Shares	Percentage of interests
Chau Cheok Wa *(Note 1)*	Interest in controlled corporation	140,000,000 (Long position)	16.82%
Tang Hon Kwong	Beneficial owner	3,700,000	0.44%
Lee Chi Shing, Caesar	Beneficial owner	500,000	0.06%

Note 1: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong .

(ii) Long positions in underlying Shares of equity derivatives

The following Directors have been granted options under the share option scheme of the Company, details of which are set out below:

Name of Director	Capacity	No. of options outstanding	Approx. % of interests	Date granted	Period during which options exercisable	Exercise price per Share
Tang Hon Kwong	Beneficial Owner	3,580,000	0.43%	19 August 2008	19 August 2008- 18 August 2018	HK$1.14
	Beneficial Owner	4,800,000	0.58%	27 August 2008	27 August 2008- 26 August 2018	HK$1.16
Lee Chi Shing, Caesar	Beneficial Owner	8,380,000	1.00%	19 August 2008	19 August 2008- 18 August 2018	HK$1.14

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly 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 member of the Enlarged Group:

Long and short positions in Shares

Name of Shareholders	Position	Type of interests	Number of Shares	Approximate percentage of interests
Premier United Limited *(Note 1)*	Long	Beneficial owner	95,000,000	11.42%
Chan Ping Che *(Note 1)*	Long	Interest of a controlled corporation	95,000,000	11.42%
Lam Shiu May *(Note 1)*	Long	Interest of a controlled corporation	95,000,000	11.42%
First Cheer Holdings Limited *(Note 2)*	Long	Beneficial owner	140,000,000	16.82%
Cheng Ting Kong *(Note 2)*	Long	Interest of a controlled corporation	140,000,000	16.82%
Chau Cheok Wa *(Note 2)*	Long	Interest of a controlled corporation	140,000,000	16.82%
Yeung Hak Kan	Long	Beneficial owner	69,963,500	8.41%

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 50% by Mr. Cheng Ting Kong and , as to 50% by Mr. Chau Cheok Wa.

Long positions in members of the Enlarged Group

Name of shareholders	Equity interest held in relevant member of the Enlarged Group	Approximate percentage of shareholding in the members of the Enlarged Group
Chan Ping Che	3,200 issued shares of Target Company	32%
The Vendor	1,400 issued shares of Target Company	14%
P.T. Setia Kawan Minerals	250 issued shares of PT Multi	50%
P.T. Guna Mitra Jasa	250 issued shares of PT Multi	50%
Gold Track Holdings Limited	10,000 issued shares of Gold Track Mining and Resources Limited	46%
Toni Tri Abdilah	150 issued shares of PT. Kapitalindo Management	50%
Silvia Widya Irwanti	150 issued shares of PT. Kapitalindo Management	50%
Ma Cheuk Wai	Alliance Computer Systems Limited	24%
Lau Hung Lun, Alan	Alliance Computer Systems Limited	10%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly 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 member of the Enlarged Group.

3. DIRECTORS' OTHER INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2009, being the date to which the latest published audited financial statements of the Company were made up.

There is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Enlarged Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Enlarged Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest audited financial statements of the Company were made up.

6. EXPERT

Each of the experts below has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s) and report(s)(as the case may be) and/or references to its name in the form and context in which they respectively appear.

The following are the qualifications of the experts who have provided its advice and reports (as the case may be), which are contained in this circular:

Name	Qualification
Andes Glacier & Co.	Certified Public Accountants
Grand Cathay	A licensed corporation for type 1 (dealing in securities), type 6 (advising on corporate finance), type 9 (asset management) regulated activities under the SFO
Grant Sherman Appraisal Limited	Professional valuers and surveyors
SRK Consulting	Technical Adviser

As at the Latest Practicable Date, each of the experts was not beneficially interested in the share capital of any member of the Enlarged Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Enlarged Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 March 2009), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged 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 agreement dated 2 February 2008 entered into between Superb Kings Limited, a wholly-owned subsidiary of the Company, and Success Asia Pacific Company Limited, pursuant to which 245 rooms of the prestigious and leisure resort located in the Cagayan Valley of the Philippines shall be reserved exclusively for Success Asia Pacific Company Limited for two years beginning from April 2008;

(b) the loan agreement dated 1 September 2008 entered into between the Purchaser as lender and Gold Track Mining and Resources Limited ("Gold Track"), a non-wholly-owned subsidiary of the Company, pursuant to which the Purchaser agreed to lend US$1,000,000 (the "Loan") to Gold Track;

(c) the subscription agreement dated 8 October 2008 entered between the Purchaser as subscriber and Gold Track as issuer (as supplemented by the supplemental agreements dated 23 October 2008 and 4 June 2009), pursuant to which the Purchaser agreed to subscribe and Gold Track agreed to issue 11,739 issued shares of US$1 each in the capital of Gold Track (being approximately 54% of the enlarged issued share capital of Gold Track) through the capitalization of the Loan and interests accrued thereon as at 8 October 2008, details of which is disclosed in the Company's circular dated 22 June 2009;

(d) the mining services agreement dated 9 April 2009 entered into between PT. Kapitalindo Management, a non-wholly-owned subsidiary of the Company, and PT. Tomico Resources, another non-wholly-owned subsidiary of the Company, pursuant to which PT. Tomico Resources will provide mining services to PT. Kapitalindo Management during the period in which the exploitation licence in respect of the iron mine located in Ende Flores, Nusa Tenggara Timur in Indonesia with an aggregate mining area of 4,413 hectares is valid, details of which is disclosed in the Company's circular dated 22 June 2009;

(e) 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 in respect of the iron mine located in Ende Flores, Nusa Tenggara Timur in Indonesia with an aggregate mining area of 4,413 hectares is valid, details of which is disclosed in the Company's circular dated 22 June 2009;

(f) 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;

(g) 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 (f) above;

(h) the mining services agreement dated 25 November 2009 entered into between PT. ACME, a non-wholly-owned subsidiary of the Company, and PT. Multi, another non-wholly-owned subsidiary of the Company, pursuant to which PT. ACME Resources will provide mining services to PT. Multi during the period in which the Exploitation Licence in respect of the Mine is valid; and

(i) the mineral sale agreement dated 25 November 2009 entered into between PT. ACME and PT. Multi, pursuant to which PT. ACME will procure the sale of the mineral resources of PT. Multi to potential buyers during the period in which the Exploitation Licence in respect of the Mine is valid.

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. GENERAL

(a) 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 below:

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, aged 37, joined the Company on 30 September 2008 as an independent non-executive Director. Mr. Poon has over 13 years of experience in auditing, taxation, accounting and financial management. He graduated with a bachelors degree in administrative studies from York University in Canada and a master's degree in practicing accounting from Monash University in Australia. He is also a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. In addition to being an independent non-executive Director, he is an independent non-executive director of The Quaypoint Corporation Limited, whose issued shares are listed on the main board of the Stock Exchange.

Mr. Ng Tat Fai, aged 42, 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.

(b) The secretary of the Company is Mr. Chan Kim Fai, Eddie. 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.

(c) The compliance officer of the Company is Mr. Lee Chi Shing, Caesar. Mr. Lee 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.

(d) 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.

(e) 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.

(f) The English text of this circular and the accompany form of proxy shall prevail over their respective Chinese text in case of inconsistency.

10. DOCUMENT 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 2009 and 31 March 2008;

(c) the unaudited financial results of the Company for the six months ended 30 September 2009;

(d) the financial information of the Target Group 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 III to this circular;

(f) the material contracts referred to in the section headed "Material contracts" in this appendix;

(g) the written consents referred to in the section headed "Expert" in this appendix;

(h) this circular;

(i) the circular of the Company dated 22 June 2009 in relation to the subscription of 54% of enlarged equity interest in Gold Track;

(j) the valuation report of the Target Group as set out in Appendix V to this circular;

(k) the technical report of the Mine as set out in Appendix IV to this circular; and

(l) the Acquisition Agreement.

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 OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("EGM") of Sun International Group Limited (the "Company") will be held at 22nd Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong at 4:00 p.m. on Friday, 19 February 2010 for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. **"THAT**

   (a) the acquisition agreement dated 16 October 2009 (the "Acquisition Agreement") entered into between Galileo Capital Group (BVI) Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, as purchaser, and Gold Track Holdings Inc. (the "Vendor") as vendor in relation to the acquisition of the 54% equity interest in Gold Track Coal and Mining Limited (the "Target") (which in turn beneficially owns 95% interest in an iron mining business in Padang Sumatra, Indonesia) and 50% of the debts owed by the Target to its shareholders, a copy of the which has been produced to this meeting marked "A" and signed by the Chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder 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 Acquisition Agreement and the transactions contemplated thereunder."

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

Hong Kong, 19 January 2010

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 meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company. 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 In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch registrars 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 meeting or adjourned meeting. Completion and return a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.

3. In the case of joint holders of shares, any one such holder may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

4. The voting on the resolution at the EGM will be conducted by way of a poll.