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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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This announcement, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL SUMMARY (UNAUDITED)

- Turnover of the Group was approximately HK\$84,915,000 for the six months ended 30 September 2010, representing a decrease of approximately 4% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2010, gross profit of the Group was approximately HK\$69,162,000 as compared to the gross profit of approximately HK\$59,222,000 from the corresponding period in the previous fiscal year.
- Profit attributable to shareholders of the Group for the six months ended 30 September 2010 amounted to approximately HK\$35,999,000 as compared to net profit of approximately HK\$203,239,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

CONSOLIDATED INTERIM RESULTS FOR 2010 (UNAUDITED)

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Group for the three months and six months ended 30 September 2010, together with the comparative unaudited figures for the corresponding period in 2009 were as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2010

| | Notes | For the three months ended 30 September | | For the six months ended 30 September | |
|--|-------|--|--------------|--|--------------|
| | | 2010 HK\$ | 2009 HK\$ | 2010 HK\$ | 2009 HK\$ |
| Revenue | 2 | 42,935,584 | 42,636,125 | 84,915,311 | 88,587,097 |
| Direct costs | | (8,280,403) | (22,615,792) | (15,753,540) | (29,365,563) |
| Gross profit | | 34,655,181 | 20,020,333 | 69,161,771 | 59,221,534 |
| Other operating income | | 332,362 | 66,365 | 908,783 | 266,855 |
| Gain from a bargain purchase | 3 | – | 184,200,827 | – | 184,200,827 |
| Amortization | | (458,621) | (6,294,125) | (856,738) | (6,294,125) |
| Administrative expenses | | (13,619,586) | (14,317,377) | (30,848,447) | (28,443,386) |
| Finance costs | | (7,854) | (395) | (16,962) | (850) |
| Profit before taxation | 4 | 20,901,482 | 183,675,628 | 38,348,407 | 208,950,855 |
| Income tax expense | 5 | (1,981,513) | (1,943,948) | (4,054,590) | (4,765,205) |
| Profit for the period | | 18,919,969 | 181,731,680 | 34,293,817 | 204,185,650 |
| Other comprehensive income: | | | | | |
| Currency translation differences | | (784,452) | 463,286 | (764,227) | 463,286 |
| Other comprehensive income for the period | | (784,452) | 463,286 | (764,227) | 463,286 |
| Total comprehensive income for the period | | 18,135,517 | 182,194,966 | 33,529,590 | 204,648,936 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 19,375,962 | 181,166,678 | 35,999,103 | 203,238,850 |
| Non-controlling interests | | (455,993) | 565,002 | (1,705,286) | 946,800 |
| | | 18,919,969 | 181,731,680 | 34,293,817 | 204,185,650 |

| | | For the three months ended 30 September | | For the six months ended 30 September | |
|--|-------|--|--------------------|--|--------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | Notes | HK\$ | HK\$ | HK\$ | HK\$ |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 18,973,538 | 181,404,344 | 35,603,835 | 203,476,516 |
| Non-controlling interests | | (838,021) | 790,622 | (2,074,245) | 1,172,420 |
| | | <u>18,135,517</u> | <u>182,194,966</u> | <u>33,529,590</u> | <u>204,648,936</u> |
| Dividend | 6 | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Earnings per share | 7 | | | | |
| Basic (HK cents per share) | | <u>2.12</u> | 21.77 | <u>3.93</u> | 24.42 |
| Diluted (HK cents per share) | | <u>2.12</u> | N/A | <u>3.90</u> | N/A |

Condensed Consolidated Statement of Financial Position
As at 30 September 2010

| | <i>Notes</i> | At 30 September 2010 <i>HK\$</i> (Unaudited) | At 31 March 2010 <i>HK\$</i> (Audited) |
|---|--------------|--|--|
| Non-current assets | | | |
| Intangible assets | 8 | 1,080,658,331 | 1,081,346,620 |
| Goodwill | 9 | 419,539,298 | 419,539,298 |
| Exploration and evaluation assets | 10 | 33,159,182 | 42,188,038 |
| Property, plant and equipment | 11 | 37,656,871 | 22,846,607 |
| Investment properties | 12 | 69,254,882 | 67,982,935 |
| | | <u>1,640,268,564</u> | <u>1,633,903,498</u> |
| Current assets | | | |
| Inventories | | 5,627,372 | 2,860,541 |
| Films in progress | | 9,821,668 | 3,710,000 |
| Tax recoverable | | 92,736 | 92,736 |
| Trade receivables | 13 | 83,264,800 | 94,277,768 |
| Prepayments, deposits and other receivables | 14 | 22,101,867 | 31,283,381 |
| Bank balances and cash | | 84,576,059 | 44,127,152 |
| | | <u>205,484,502</u> | <u>176,351,578</u> |
| Current liabilities | | | |
| Accruals and other payables | | 15,611,689 | 19,004,771 |
| Trade payables | | 1,922,894 | 1,998,996 |
| Deposits received | | 978,844 | 1,022,993 |
| Amount due to a related company | 15 | 3,012,126 | 3,020,244 |
| Amount due to a shareholder | 15 | 25,350,000 | 23,790,000 |
| Obligations under finance leases | 16 | 149,682 | 176,149 |
| Promissory note | | 6,500,000 | 6,500,000 |
| Tax payables | | 4,103,547 | 82,050 |
| | | <u>57,628,782</u> | <u>55,595,203</u> |
| Net current assets | | <u>147,855,720</u> | <u>120,756,375</u> |
| Total asset less current liabilities | | <u>1,788,124,284</u> | <u>1,754,659,873</u> |
| Non-current liabilities | | | |
| Obligations under finance leases | 16 | 60,870 | 126,049 |
| Deferred tax | 17 | 333,620,325 | 333,620,325 |
| | | <u>333,681,195</u> | <u>333,746,374</u> |
| | | <u>1,454,443,089</u> | <u>1,420,913,499</u> |
| Capital and reserves | | | |
| Share capital | 18 | 36,604,400 | 36,604,400 |
| Reserves | | 1,052,900,977 | 1,017,297,142 |
| Non-controlling interest | | 364,937,712 | 367,011,957 |
| | | <u>1,454,443,089</u> | <u>1,420,913,499</u> |

Condensed Consolidation Statement of Changes in Equity

For the six months ended 30 September 2010

| | Attributable to equity holders of the Company | | | | | | | | | |
|--|---|-----------------------|------------------------------------|------------------------|------------------------------|--------------------------------------|---|----------------------|----------------------------------|----------------------|
| | Share Capital HK\$ | Share Premium HK\$ | Capital Redemption Reserve HK\$ | Merger Deficit HK\$ | Share Option Reserve HK\$ | Exchange Translation Reserve HK\$ | Retained Profits/ (Accumulated Losses) HK\$ | Total HK\$ | Non-controlling Interest HK\$ | Total HK\$ |
| 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 comprehensive income: | | | | | | | | | | |
| Currency translation difference | - | - | - | - | - | 237,666 | - | 237,666 | 225,620 | 463,286 |
| At 30 September 2009 (Unaudited) | <u>33,284,400</u> | <u>658,498,793</u> | <u>254,600</u> | <u>(119,998)</u> | <u>19,912,759</u> | <u>237,666</u> | <u>204,500,238</u> | <u>916,568,458</u> | <u>174,555,902</u> | <u>1,091,124,360</u> |
| At 1 April 2010 (Audited) | 36,604,400 | 735,348,657 | 254,600 | (119,998) | 33,610,939 | (235,839) | 248,438,783 | 1,053,901,542 | 367,011,957 | 1,420,913,499 |
| Profit for the period | - | - | - | - | - | - | 35,999,103 | 35,999,103 | (1,705,286) | 34,293,817 |
| Other comprehensive income: | | | | | | | | | | |
| Currency translation difference | - | - | - | - | - | (395,268) | - | (395,268) | (368,959) | (764,227) |
| At 30 September 2010 (Unaudited) | <u>36,604,400</u> | <u>735,348,657</u> | <u>254,600</u> | <u>(119,998)</u> | <u>33,610,939</u> | <u>(631,107)</u> | <u>284,437,886</u> | <u>1,089,505,377</u> | <u>364,937,712</u> | <u>1,454,443,089</u> |

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2010

| | For the six months ended | |
|--|---------------------------------|--------------------|
| | 30 September | |
| | 2010 | 2009 |
| | <i>HK\$</i> | <i>HK\$</i> |
| | (Unaudited) | (Unaudited) |
| Net cash from operating activities | 51,473,810 | 2,188,535 |
| Net cash (used in) investing activities | (10,172,907) | (4,699,820) |
| Net cash (used in) financing activities | (108,608) | (4,920) |
| Net increase (decrease) in cash, cash equivalent | 41,192,295 | (2,516,205) |
| Cash and cash equivalent at the beginning of the period | 44,127,152 | 14,188,718 |
| Effect of exchange rate changes | (743,388) | 150,788 |
| Cash and cash equivalent at the ended of the period | 84,576,059 | 11,823,301 |

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 2010.

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 April 2010, 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 2010.

The unaudited consolidated results of the Group for the six months ended 30 September 2010 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, hotel services, mining and others.

Segment Information*For the period ended 30 September 2010 (Unaudited)*

| | Philippines | Indonesia | Hong Kong | | | |
|--------------------------------|---------------------------|----------------|------------------------------|----------------|-------------------|----------------------|
| | Hotel Services HK\$ | Mining HK\$ | Computer services HK\$ | Others HK\$ | Sub-total HK\$ | Consolidated HK\$ |
| Turnover | | | | | | |
| External sales | 41,920,966 | – | 39,903,302 | 3,091,043 | 42,994,345 | 84,915,311 |
| Results | | | | | | |
| Segment results | 20,902,592 | (5,527,787) | 24,814,843 | 179,228 | 24,994,071 | 40,368,876 |
| Unallocated corporate incomes | | | | | | 4,334 |
| Unallocated corporate expenses | | | | | | (2,007,841) |
| Finance cost | | | | | | (16,962) |
| Profit before taxation | | | | | | 38,348,407 |
| Income tax expenses | | | | | | (4,054,590) |
| Profit for the period | | | | | | <u>34,293,817</u> |

For the period ended 30 September 2009 (Unaudited)

| | Philippines | Indonesia | Hong Kong | | | |
|--------------------------------|---------------------------|----------------|------------------------------|----------------|-------------------|----------------------|
| | Hotel Services HK\$ | Mining HK\$ | Computer services HK\$ | Others HK\$ | Sub-total HK\$ | Consolidated HK\$ |
| Turnover | | | | | | |
| External sales | 41,398,994 | – | 46,398,693 | 789,410 | 47,188,103 | 88,587,097 |
| Results | | | | | | |
| Segment results | 20,457,667 | (6,405,544) | 29,741,700 | (16,953,725) | 12,787,975 | 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 | | | | | | <u>204,185,650</u> |

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 | |
| | 2010 | 2009 |
| | <i>HK\$</i> | <i>HK\$</i> |
| | (Unaudited) | (Unaudited) |
| Hong Kong | 42,994,345 | 47,188,103 |
| The Philippines | 41,920,966 | 41,398,994 |
| Indonesia | – | – |
| | <u>84,915,311</u> | <u>88,587,097</u> |

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 | | Additions to property, | |
|-----------------|-----------------------------|-----------------------------|-------------------------------|--------------------------|
| | of segment assets | | plant and equipment | |
| | 30 September | 31 March | 30 September | 31 March |
| | 2010 | 2010 | 2010 | 2010 |
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| Hong Kong | 471,233,923 | 185,266,490 | 771,274 | 2,085,370 |
| The Philippines | 208,441,395 | 138,292,807 | 3,841,338 | 10,676,283 |
| Indonesia | 810,948,062 | 795,360,857 | 4,307,360 | 8,096,991 |
| | <u>1,490,623,380</u> | <u>1,118,920,154</u> | <u>8,919,972</u> | <u>20,858,644</u> |

3. GAIN FROM A BARGAIN PURCHASE

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

| | 30 September 2010 HK\$ (Unaudited) | 30 September 2009 HK\$ (Unaudited) |
|--|---|---|
| Net assets acquired: | | |
| Intangible assets | – | 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 | <u>–</u> | <u>10,639,974</u> |
| Satisfied by: | | |
| Interest income receivable | – | 647,507 |
| Convertible loans | – | 7,800,000 |
| Direct expenses relating to the acquisitions | – | 2,192,467 |
| | <u>–</u> | <u>10,639,974</u> |
| Net cash inflow arising on acquisition | – | 4,046,287 |
| Bank balance and cash | – | (2,192,467) |
| Direct expenses relating to the acquisitions | – | (1,853,820) |
| | <u>–</u> | <u>1,853,820</u> |

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 | |
|---|--|-----------------------------|--|-----------------------------|
| | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) |
| Employee benefits expense including those of directors – wages, salaries and others | 8,998,495 | 9,200,644 | 18,152,577 | 17,442,741 |
| Amortisation for intangible asset | 458,621 | 6,294,125 | 856,738 | 6,294,125 |
| Depreciation for property, plant and equipment | | | | |
| – owned assets | 1,194,424 | 1,953,859 | 3,085,094 | 3,839,247 |
| – finance lease assets | 24,326 | 1,953 | 48,649 | 3,905 |
| Interest income | 9,195 | (1,634) | 14,038 | (3,347) |

5. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2009: 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 | |
|------------------------------|--|-----------------------------|--|-----------------------------|
| | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) |
| Continuing operations | | | | |
| Over-provision in prior year | | | | |
| – Hong Kong profits tax | – | (191,762) | – | (191,762) |
| Current income tax | | | | |
| – Hong Kong profits tax | 1,964,492 | 2,121,875 | 4,021,497 | 4,922,713 |
| – Overseas taxation | 17,021 | 13,835 | 33,093 | 34,254 |
| | <u>1,981,513</u> | <u>1,943,948</u> | <u>4,054,590</u> | <u>4,765,205</u> |

6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

7. EARNINGS PER SHARE

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 | |
|--|--|-----------------------------|--|-----------------------------|
| | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) |
| Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share | <u>19,375,962</u> | <u>181,166,678</u> | <u>35,999,103</u> | <u>203,238,850</u> |
| | Number of shares | | Number of shares | |
| | 2010 (Unaudited) | 2009 (Unaudited) | 2010 (Unaudited) | 2009 (Unaudited) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 915,110,000 | 832,110,000 | 915,110,000 | 832,110,000 |
| Effect of dilutive potential ordinary shares: share options | <u>657,534</u> | <u>–</u> | <u>8,587,037</u> | <u>–</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>915,767,534</u> | <u>832,110,000</u> | <u>923,697,037</u> | <u>832,110,000</u> |

8. INTANGIBLE ASSETS

| | Mining right HK\$ (Unaudited) |
|---|-------------------------------------|
| Valuation: | |
| Balance at 1 April 2010 and 30 September 2010 | <u>1,110,342,537</u> |
| Amortisation: | |
| Balance at 1 April 2010 | 28,995,917 |
| Provided during the period | <u>688,289</u> |
| Balance at 30 September 2010 | <u>29,684,206</u> |
| Net book values: | |
| At 30 September 2010 | <u>1,080,658,331</u> |
| At 31 March 2010 | <u>1,081,346,620</u> |

9. GOODWILL

| | 30 September 2010 HK\$ | 31 March 2010 HK\$ |
|---|---------------------------------------|--------------------------|
| Cost | | |
| Balance at 1 April 2010/2009 | 510,685,062 | 431,131,022 |
| Addition arising from acquisition of subsidiaries | – | 79,554,040 |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 510,685,062 | 510,685,062 |
| Impairment | | |
| Balance at 1 April 2010/2009 | 91,145,764 | 4,919,193 |
| Impairment loss recognised | – | 86,226,571 |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 91,145,764 | 91,145,764 |
| Carrying amounts | | |
| At 30 September/31 March | 419,539,298 | 419,539,298 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 30 September 2010 is allocated as follow:

| | 30 September 2010 HK\$ | 31 March 2010 HK\$ |
|---|---------------------------------------|--------------------------|
| Computer software solution and services | 340,238,822 | 340,238,822 |
| Hotel services | 79,300,476 | 79,300,476 |
| | <hr/> | <hr/> |
| | 419,539,298 | 419,539,298 |
| | <hr/> <hr/> | <hr/> <hr/> |

10. EXPLORATION AND EVALUATION ASSETS

| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
|---|---|---------------------------------------|
| Cost: | | |
| Balance at 1 April | 43,120,912 | – |
| Transfer to property, plant and equipment | (10,052,907) | – |
| Arising on acquisition of subsidiaries | – | 43,120,912 |
| Exchange realignment | 593,449 | – |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 33,661,454 | 43,120,912 |
| | <hr/> | <hr/> |
| Amortization: | | |
| Balance at 1 April | 932,874 | – |
| Transfer to property, plant and equipment | (597,816) | – |
| Arising on acquisition of subsidiaries | – | 932,874 |
| Amortization for the period | 168,449 | – |
| Exchange realignment | (1,235) | – |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 502,272 | 932,874 |
| | <hr/> | <hr/> |
| Net book values: | | |
| At 30 September/31 March | 33,159,182 | 42,188,038 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. PROPERTY, PLANT AND EQUIPMENT

| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
|--|---|---------------------------------------|
| Cost: | | |
| Balance at 1 April 2010/2009 | 27,825,545 | 135,386,593 |
| Additions | 8,919,972 | 17,370,880 |
| Disposals | (1,005,943) | (1,480,482) |
| Transfer from exploration and exploitation | 10,052,907 | – |
| Transfer to investment properties | – | (123,451,446) |
| Exchange realignment | (37,563) | – |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 45,754,918 | 27,825,545 |
| | <hr/> | <hr/> |
| Depreciation: | | |
| Balance at 1 April 2010/2009 | 4,978,938 | 22,109,898 |
| Depreciation charge | 3,133,743 | 3,528,776 |
| Elimination upon disposal | (616,012) | (641,634) |
| Transfer from exploration and exploitation | 597,816 | – |
| Transfer to investment properties | – | (20,018,102) |
| Exchange realignment | 3,562 | – |
| | <hr/> | <hr/> |
| Balance at 30 September/31 March | 8,098,047 | 4,978,938 |
| | <hr/> | <hr/> |
| Net book values: | | |
| At 30 September/31 March | 37,656,871 | 22,846,607 |
| | <hr/> <hr/> | <hr/> <hr/> |

12. INVESTMENT PROPERTIES

| | 30 September 2010 HK\$ | 31 March 2010 HK\$ |
|------------------------------------|---------------------------------------|--------------------------|
| At Cost | | |
| At 1 April 2010/2009 | 123,451,446 | – |
| Additions | 1,271,947 | – |
| Transfer during the year | – | 123,451,446 |
| | <u>124,723,393</u> | <u>123,451,446</u> |
| Depreciation and impairment | | |
| At 1 April 2010/2009 | 55,468,511 | – |
| Transfer during the year | – | 20,018,102 |
| Impairment | – | 35,450,409 |
| | <u>55,468,511</u> | <u>55,468,511</u> |
| Net book value | | |
| At 30 September/31 March 2010 | <u><u>69,254,882</u></u> | <u><u>67,982,935</u></u> |

The fair value of the Group's investment properties at 31 March 2010 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Grant Sherman Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

| | 30 September 2010 HK\$ | 31 March 2010 HK\$ |
|---|---------------------------------------|--------------------------|
| Properties in the Philippines under: Medium-term lease | <u><u>69,254,882</u></u> | <u><u>67,982,935</u></u> |

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.

13. TRADE RECEIVABLES

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

| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
|----------------|---|---------------------------------------|
| Within 30 days | 18,780,583 | 19,419,270 |
| 31 – 60 days | 7,520,282 | 17,460,500 |
| 61 – 90 days | 12,968,638 | 13,027,296 |
| Over 90 days | 43,995,297 | 44,370,702 |
| | <u><u>83,264,800</u></u> | <u><u>94,277,768</u></u> |

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 2010 approximate to their fair values.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
|-----------------------------------|---|---------------------------------------|
| Deposits | 2,095,928 | 2,036,485 |
| Prepayments | 1,547,840 | 8,287,343 |
| Other receivables (<i>note</i>) | 18,458,099 | 20,959,553 |
| | <u>22,101,867</u> | <u>31,283,381</u> |

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

Note:

An amount of HK\$3,370,345 include in other receivables at 30 September 2010 were due from PT Topfull Indonesia and Topfull Group Limited to Gold Track Mining and Resources Limited (a 54% owned subsidiary of the Company) and Gold Track Coal and Mining Limited (a 54% owned subsidiary of the Company). Pursuant to the Memorandum of understanding ("MOU") dated 26 February 2010, PT Topfull Indonesia and Topfull Group Limited are the companies include the Target Group to the possible acquisition. However the possible acquisition was terminated in August 2010.

15. AMOUNT DUE TO A RELATED COMPANY/A SHAREHOLDER

The amount due to a related company/a shareholder is unsecured, interest free and repayable on demand.

The Directors consider that the carrying amount of amount due to a related company/a shareholder approximates its fair value.

16. OBLIGATIONS UNDER FINANCE LEASES

| | Minimum lease payment | | Present value of minimum lease payment | |
|--|--|------------------------------------|--|------------------------------------|
| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
| Amounts payable under finance leases: | | | | |
| Within one year | 166,388 | 203,977 | 149,682 | 176,149 |
| In second to fifth year inclusive | 64,000 | 134,966 | 60,870 | 126,049 |
| | <u>230,388</u> | <u>338,943</u> | <u>210,552</u> | <u>302,198</u> |
| Less: Future finance charges | 19,836 | 36,745 | – | – |
| | <u>210,552</u> | <u>302,198</u> | <u>210,552</u> | <u>302,198</u> |
| Present value of lease obligations | | | | |
| | <u>210,552</u> | <u>302,198</u> | <u>210,552</u> | <u>302,198</u> |
| Less: Amount due within one year shown under current liabilities | | | 149,682 | 176,149 |
| | | | <u>149,682</u> | <u>176,149</u> |
| Amount due after one year | | | <u>60,870</u> | <u>126,049</u> |

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 2010, the average effective interest rate was 12.16% 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.

17. DEFERRED TAX

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

| | 30 September 2010 HK\$ (Unaudited) | 31 March 2010 HK\$ (Audited) |
|--|--|------------------------------------|
| Balance at 1 April 2010/2009 | 333,620,325 | 517,564 |
| Arising on acquisition of subsidiaries | – | 333,102,761 |
| | <u>333,620,325</u> | <u>333,620,325</u> |
| Balance at 30 September/31 March | <u>333,620,325</u> | <u>333,620,325</u> |

18. SHARE CAPITAL

| | Number of ordinary shares | Amount HK\$ |
|---|---------------------------------|--------------------|
| Ordinary shares of Authorised: At 31 March/30 September 2010 (HK\$0.04 each) | <u>3,000,000,000</u> | <u>120,000,000</u> |
| Issued and fully paid: At 31 March/30 September 2010 | <u>915,110,000</u> | <u>36,604,400</u> |

19. 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 follows:

| | For the three months ended 30 September | | For the six months ended 30 September | |
|--------------------------|--|-----------------------------|--|-----------------------------|
| | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) | 2010 HK\$ (Unaudited) | 2009 HK\$ (Unaudited) |
| Short-term benefits | 750,000 | 510,000 | 1,500,000 | 1,020,000 |
| Post-employment benefits | <u>9,000</u> | <u>6,000</u> | <u>18,000</u> | <u>12,000</u> |
| | <u>759,000</u> | <u>516,000</u> | <u>1,518,000</u> | <u>1,032,000</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group recorded a turnover of approximately HK\$84,915,000 for the six months ended 30 September 2010, a decrease of 4% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to decline in revenue generated from computer services segment.

The direct costs were decreased to approximately HK\$15,754,000 from approximately HK\$29,366,000 compared with the same period last year and the increase in gross profit margin was mainly due to movie production cost incurred in the last fiscal year only.

Amortization expenses decreased 86% to approximately HK\$857,000 compared to approximately HK\$6,294,000 in 2009. The decrease was mainly due to production units decreased during the period, the amortization expenses were decreased. The production units decreased were mainly caused by heavy rain and earthquake during the period. In addition, the usage of explosives was only available in June 2010. The production will become stable from November 2010.

Administrative expenses made an increase of 8% to approximately HK\$30,848,000 compared to approximately HK\$28,443,000 in 2009. The increase was mainly due to the costs incurred by the mining business which were acquired in July 2009 and March 2010.

The profit attributable to equity holders of the Company for the six months ended 30 September 2010 was increased to approximately HK\$35,999,000 from approximately of HK\$19,038,000 compared with the same period last year which excluded the gain from a bargain purchase in approximately of HK\$184,201,000. The increase was mainly due to the amortization amount decreased and no movie production cost was incurred during the period.

Under the condensed consolidated statement of cash flows, net cash from operating activities were highly increased in approximately HK\$49 million compared with the same period last year, it was mainly due to decrease in accruals, other payables and deposit received in approximately HK\$3 million during the period, but decreased HK\$34 million in the corresponding period in the last fiscal year; and the increase in prepayment, other receivable and deposit in approximately HK\$20 million during the period, but increased HK\$4 million in the corresponding period in the last fiscal year.

Business Review

For the period under review, the demand for natural resources is increasing due to the new plan of buying Treasuries implemented by the U.S Federal Reserve. Hence, the price of iron is increasing and the Group is focusing on mining business.

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 obtain a stable income from the business.

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, and Gold Track Coal and Mining Limited were completed on 17 July 2009 and 1 March 2010 respectively. These will provide a great potential for the business growth as the Group is able to step into the natural resources business of Indonesia.

On 26 February 2010, the Group and Topfull Group Limited (“Topfull”) entered into the non-legally binding memorandum of understanding (“MOU”), Topfull hold 95% of a target company and its subsidiaries (the “Target Group”), which are engaged in iron mining and exploitation in Indonesia. The Group originally intended to acquire 66.5% equity interest in Topfull Group Limited at the consideration of HK\$210,000,000. The MOU is only valid for a period of 180 days from the date of the MOU, and it has expired already without the parties signing any formal agreement in this respect. Hence, the Group does not intend to proceed with the acquisition of any interest in the Target Group any further.

On 7 June 2010, the Group and U G Liang Mining Limited (the “Vendor”) entered into the non-legally binding MOU. The Vendor holds 100% of U G Mining Holdings Limited (the “U G Mining”). U G Mining holds 60% of Union Glory Exploration Limited, which is engaged in iron mining and exploitation in Canada. A deposit of US\$3,000,000 (the “Deposit”) was paid to the Vendor pursuant to the terms of the MOU. Subsequent to the entering into of the MOU, since the formal agreement was not entered into between the Group and the Vendor given that the Group is

not entirely satisfied with the results of the due diligence review, the parties to the MOU agreed to terminate the MOU and that the Deposit be refunded in full to the Group by the Vendor and the same was remitted to the Group on 5 August 2010. Details of the MOU and the termination thereof are set out in the announcements of the Company dated 7 June and 6 August 2010 respectively.

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, and Gold Track Coal and Mining Limited, the Board considers that it has the requisite experience and knowledge in discovery of the natural resources.

Liquidity and Financial Resources

As of 30 September 2010, the Group's net assets increased by approximately HK\$33,530,000 from net assets of approximately HK\$1,420,913,000 as at 31 March 2010. The cash and bank balances as at 30 September 2010 was approximately HK\$84,576,000, representing an increase of approximately 92% when compared with the balance as at 31 March 2010. During the six months ended 30 September 2010, the Group's operation was mainly financed by the internal financial resources of the Group.

Charges on Group Assets

As at 30 September 2010, plant and equipment of approximately of the Group with net book value of HK\$347,000 was held under finance lease (2009: HK\$15,000).

Contingent Liabilities

As at 30 September 2010, 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 439 as at 30 September 2010 (2009: 559), and the total remuneration for the six months ended 30 September 2010 was approximately HK\$17,314,000 (2009: HK\$16,555,000). 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 30 September 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

| Name of Director | Nature of interests | Number of ordinary shares held | Capacity | Percentage of issued shares |
|---------------------------|---------------------|--------------------------------|--------------------------------------|-----------------------------|
| Mr. Chau Cheok Wa | Corporate (Note) | 165,775,000 | Interest of a controlled corporation | 18.12% |
| Mr. Tang Hon Kwong | Personal | 3,700,000 | Beneficial owner | 0.40% |
| Mr. Lee Chi Shing, Caesar | Personal | 500,000 | Beneficial owner | 0.05% |

Note: First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the “New Scheme”), several Directors in the capacity as beneficial owners were granted share options to subscribe for shares of the Company, details of which as at 30 September 2010 were as follows:

| Name of Director | Date of grant | Number of share options | Exercised during the period | Exercise price of share option <i>HK\$</i> | Exercise period from | Exercise period until | Number of share options outstanding as at 30 September 2010 |
|---------------------------|---------------|-------------------------|-----------------------------|---|----------------------|-----------------------|---|
| Mr. Tang Hon Kwong | 19/8/2008 | 3,580,000 | – | 1.14 | 19/8/2008 | 18/8/2018 | 3,580,000 |
| | 27/8/2008 | 4,800,000 | – | 1.16 | 27/8/2008 | 26/8/2018 | 4,800,000 |
| | 9/2/2010 | 8,300,000 | – | 0.9 | 9/2/2010 | 8/2/2020 | 8,300,000 |
| Ms. Cheng Mei Ching | 9/2/2010 | 8,300,000 | – | 0.9 | 9/2/2010 | 8/2/2020 | 8,300,000 |
| Mr. Lee Chi Shing, Caesar | 19/8/2008 | 8,380,000 | – | 1.14 | 19/8/2008 | 18/8/2018 | 8,380,000 |
| | 9/2/2010 | 8,300,000 | – | 0.9 | 9/2/2010 | 8/2/2020 | 8,300,000 |

Save as disclosed above, during the six months ended 30 September 2010, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company and nor had exercised such rights.

Save as disclosed above, during the six months ended 30 September 2010, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Under the terms of the New Scheme adopted by the Company on 5 December 2006, the board of Directors is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company.

The operation of the old share option scheme was terminated on 5 December 2006, upon the approval of shareholders at the extraordinary general meeting held on 5 December 2006. Under the old share option scheme, no share option was outstanding as at 30 September 2010 and no share option was granted or exercised during the six months ended 30 September 2010.

As at 30 September 2010, details of share options outstanding were as follows:

| Date of grant | Number of share options | | | Exercise period of share options | Exercise price of share options HK\$ |
|---------------|-------------------------|-----------------------------|----------------------|----------------------------------|---|
| | At 1 April 2010 | Exercised during the period | At 30 September 2010 | | |
| 13/08/2007 | 17,450,000 | – | 17,450,000 | 13/8/2007 to 12/8/2017 | 0.76 |
| 17/08/2007 | 9,600,000 | – | 9,600,000 | 17/8/2007 to 16/8/2017 | 0.72 |
| 21/08/2007 | 9,600,000 | – | 9,600,000 | 21/08/2007 to 20/08/2017 | 0.69 |
| 19/08/2008 | 74,200,000 | – | 74,200,000 | 19/08/2008 to 18/08/2018 | 1.14 |
| 27/08/2008 | 9,600,000 | – | 9,600,000 | 27/08/2008 to 26/08/2018 | 1.16 |
| 16/12/2009 | 58,100,000 | – | 58,100,000 | 16/12/2009 to 15/12/2019 | 0.74 |
| 09/02/2010 | 24,900,000 | – | 24,900,000 | 09/02/2010 to 08/02/2020 | 0.90 |
| | <u>203,450,000</u> | <u>–</u> | <u>203,450,000</u> | | |

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Group was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS AND DISCLOSURE UNDER SFO

So far as is known to any Directors or chief executives of the Company, as at 30 September 2010, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

| Name of Shareholders | Nature of interests | Number of ordinary shares held | Capacity | Percentage of issued shares |
|--|---------------------|--------------------------------|--------------------------------------|-----------------------------|
| First Cheer Holdings Limited (<i>Note 1</i>) | Corporate | 165,775,000 | Beneficial owner | 18.12% |
| Cheng Ting Kong (<i>Note 1</i>) | Corporate | 165,775,000 | Interest of a controlled corporation | 18.12% |
| Chau Cheok Wa (<i>Note 1</i>) | Corporate | 165,775,000 | Interest of a controlled corporation | 18.12% |
| Yeung Hak Kan | Personal | 114,743,500 | Beneficial owner | 12.54% |
| Premier United Limited (<i>Note 2</i>) | Corporate | 95,000,000 | Beneficial owner | 10.38% |
| Chan Ping Che (<i>Note 2</i>) | Corporate | 95,000,000 | Interest of a controlled corporation | 10.38% |
| Lam Shiu May (<i>Note 2</i>) | Corporate | 95,000,000 | Interest of a controlled corporation | 10.38% |

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa.
2. 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.

Save as disclosed above, as at 30 September 2010, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the GEM Listing Rules), has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company set up an audit committee (“Audit Committee”) on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Audit Committee comprised three members, Mr. Poon Lai Yin, Michael, Mr. Fung Kwok Ki and Mr. Ng Tat Fai, all of them are independent non-executive Directors and Mr. Poon Lai Yin, Michael was appointed as the chairman of the Audit Committee. The results for the six months ended 30 September 2010 were reviewed by the Audit Committee.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee (“Remuneration Committee”) on 18 March 2005. During the period under review, the Remuneration Committee comprised three members, Mr. Fung Kwok Ki, Mr. Ng Tat Fai and Mr. Poon Lai Yin, Michael, all of them are independent non-executive Directors and Mr. Fung Kwok Ki was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group’s policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

CORPORATE GOVERNANCE

The Company has complied with the code provision set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period under review.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Chau Cheok Wa, Mr. Tang Hon Kwong, Ms. Cheng Mei Ching and Mr. Lee Chi Shing, Caesar and three independent non-executive Directors, namely, Mr. Fung Kwok Ki, Mr. Ng Tat Fai and Mr. Poon Lai Yin, Michael.

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

Hong Kong, 5 November 2010