



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

ideas to cycle  
for infinity

Interim  
Report  
2009





## **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 report, 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 report 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 report misleading; and (3) all opinions expressed in this report 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 of continuing operations was approximately HK\$88,587,000 for the six months ended 30 September 2009, representing a decrease of approximately 9% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2009, gross profit of the Group of continuing operations was approximately HK\$59,222,000 as compared to the gross profit of continuing operations approximately HK\$75,649,000 from the corresponding period in the previous fiscal year.
- Net profit attributable to shareholders of the Group for the six months ended 30 September 2009 amounted to approximately HK\$203,239,000 as compared to net profit of approximately HK\$21,290,000 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 2009 (2008: Nil).

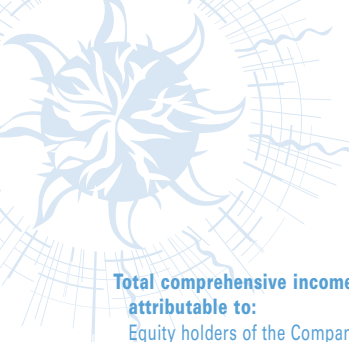
## CONSOLIDATED INTERIM RESULTS FOR 2009 (UNAUDITED)

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 2009, together with the comparative unaudited figures for the corresponding period in 2008 were as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2009

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
<b>Continuing operations:</b>					
Revenue	2	<b>42,636,125</b>	52,532,500	<b>88,587,097</b>	97,305,275
Direct costs		<b>(22,615,792)</b>	(12,582,455)	<b>(29,365,563)</b>	(21,656,689)
Gross profit		<b>20,020,333</b>	39,950,045	<b>59,221,534</b>	75,648,586
Other operating income		<b>66,365</b>	61,681	<b>266,855</b>	74,939
Gain from a bargain purchase	3	<b>184,200,827</b>	-	<b>184,200,827</b>	-
Administrative expenses		<b>(20,611,502)</b>	(33,224,660)	<b>(34,737,511)</b>	(41,712,491)
Finance costs		<b>(395)</b>	(508)	<b>(850)</b>	(1,015)
Profit before taxation	4	<b>183,675,628</b>	6,786,558	<b>208,950,855</b>	34,010,019
Income tax expense	5	<b>(1,943,948)</b>	(5,345,190)	<b>(4,765,205)</b>	(9,750,950)
Profit for the period from continuing operations		<b>181,731,680</b>	1,441,368	<b>204,185,650</b>	24,259,069
<b>Discontinued operations:</b>					
Loss for the period from discontinued operations		-	(142,407)	-	(149,452)
<b>Profit for the period</b>		<b>181,731,680</b>	1,298,961	<b>204,185,650</b>	24,109,617
<b>Other comprehensive income:</b>					
Currency translation differences		<b>463,286</b>	-	<b>463,286</b>	-
<b>Other comprehensive income for the period</b>		<b>463,286</b>	-	<b>463,286</b>	-
<b>Total comprehensive income for the period</b>		<b>182,194,966</b>	1,298,961	<b>204,648,936</b>	24,109,617
<b>Profit attributable to:</b>					
Equity holders of the Company		<b>181,166,678</b>	343,075	<b>203,238,850</b>	21,289,555
Non-controlling interests		<b>565,002</b>	955,886	<b>946,800</b>	2,820,062
		<b>181,731,680</b>	1,298,961	<b>204,185,650</b>	24,109,617



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

## Condensed Consolidated Balance Sheet

As at 30 September 2009

	Notes	At 30 September 2009 HK\$ (Unaudited)	At 31 March 2009 HK\$ (Audited)
<b>Non-current assets</b>			
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
		<b>1,126,743,565</b>	<b>619,042,564</b>
<b>Current assets</b>			
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
		<b>140,688,878</b>	<b>121,450,722</b>
<b>Current liabilities</b>			
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
		<b>24,722,640</b>	<b>19,470,231</b>
Net current assets		<b>115,966,238</b>	<b>101,980,491</b>
Total asset less current liabilities		<b>1,242,709,803</b>	<b>721,023,055</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	14	8,879	13,426
Deferred tax	15	151,576,564	517,564
		<b>151,585,443</b>	<b>530,990</b>
		<b>1,091,124,360</b>	<b>720,492,065</b>
<b>Capital and reserves</b>			
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
		<b>1,091,124,360</b>	<b>720,492,065</b>

# Condensed Consolidation Statement of Changes in Equity

For the six months ended 30 September 2009

Attributable to equity holders of the Company

	Share Capital HK\$	Share Premium HK\$	Capital Redemption Reserve HK\$	Merger Deficit HK\$	Share Option Reserve HK\$	Property Revaluation Reserve HK\$	Retained Profits/ (Accumulated Losses) HK\$	Total HK\$	Non- controlling Interest HK\$	Total 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 comprehensive income: Currency translation difference	-	-	-	-	-	-	237,666	237,666	225,520	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 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
<b>Cash flows from operating activities</b>		
Continuing operations	<b>2,188,535</b>	56,369,647
Discontinued operations	–	1,199,535
<b>Cash flows from operating activities – net</b>	<b>2,188,535</b>	57,569,182
<b>Cash flows from investing activities</b>		
Continuing operations	<b>(4,699,820)</b>	(191,359,517)
Discontinued operations	–	(1,252,568)
<b>Cash flows from investing activities – net</b>	<b>(4,699,820)</b>	(192,612,085)
<b>Cash flows from financing activities</b>		
Continuing operations	<b>(4,920)</b>	63,332,153
Discontinued operations	–	(192,188)
<b>Cash flows from financing activities – net</b>	<b>(4,920)</b>	63,139,965
<b>Net decrease in cash, cash equivalent</b>	<b>(2,516,205)</b>	(71,902,938)
<b>Cash and cash equivalent at the beginning of the period</b>	<b>14,188,718</b>	104,663,808
<b>Effect of exchange rate changes</b>	<b>150,788</b>	–
<b>Cash and cash equivalent at the ended of the period</b>	<b>11,823,301</b>	32,760,870
<b>Analysis of the balances of cash and cash equivalent Bank balances and cash</b>	<b>11,823,301</b>	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				Consolidated HK\$
	Philippines	Indonesia	Hong Kong			Hong Kong			Total HK\$	
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	Financial services HK\$	Others HK\$			
<b>Turnover</b>										
External sales	41,398,994	-	46,398,693	789,410	47,188,103	88,587,097	-	-	-	88,587,097
<b>Results</b>										
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				Consolidated HK\$
	Philippines	Indonesia	Hong Kong			Hong Kong			Total HK\$	
	Hotel Services HK\$	Mining HK\$	Computer services HK\$	Others HK\$	Sub-total HK\$	Financial services HK\$	Others HK\$			
<b>Turnover</b>										
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
<b>Results</b>										
Segment results	1,233,574	-	54,952,821	(2,112,606)	52,840,215	54,073,789	(34,779)	(71,866)	(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	<b>47,188,103</b>	76,508,219
The Philippines	<b>41,398,994</b>	21,248,410
	<b>88,587,097</b>	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	31 March	30 September	31 March
	2009	2009	2009	2009
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Hong Kong	<b>531,364,008</b>	547,392,082	<b>446,597</b>	6,221,933
Indonesia	<b>360,880,134</b>	-	-	-
The Philippines	<b>223,088,398</b>	190,847,038	<b>4,253,223</b>	44,281,239
	<b>1,115,332,540</b>	738,239,120	<b>4,699,820</b>	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)
<b>Net assets acquired:</b>	
Intangible assets ( <i>Note 8</i> )	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)
	<u>360,816,298</u>
Non-controlling interests	(165,975,497)
Gain from a bargain purchase	(184,200,827)
	<u>10,639,974</u>
Total consideration	<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>10,639,974</u>
Net cash inflow arising on acquisition	4,046,287
Bank balance and cash	
Direct expenses relating to the acquisitions	(2,192,467)
	<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	
	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Employee benefits expense including those of directors				
– wages, salaries and others	<b>9,200,644</b>	6,846,907	<b>17,442,741</b>	11,359,763
– share base payment expense	-	15,946,877	-	15,946,877
Amortisation for intangible asset	<b>6,294,125</b>	-	<b>6,294,125</b>	-
Depreciation for property, plant and equipment				
– owned assets	<b>1,953,859</b>	1,685,440	<b>3,839,247</b>	1,953,405
– finance lease assets	<b>1,953</b>	1,953	<b>3,905</b>	3,905
Interest income	<b>(1,634)</b>	(3,908)	<b>(3,347)</b>	(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 HK\$ (Unaudited)	2008 HK\$ (Unaudited)	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
<b>Continuing operations</b>				
Over-provision in prior year				
– Hong Kong profits tax	<b>(191,762)</b>	-	<b>(191,762)</b>	-
Current income tax				
– Hong Kong profits tax	<b>2,121,875</b>	5,345,190	<b>4,922,713</b>	9,750,950
– Overseas taxation	<b>13,835</b>	-	<b>34,254</b>	-
	<b>1,943,948</b>	5,345,190	<b>4,765,205</b>	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 HK\$ (Unaudited)	2008 HK\$ (Unaudited)	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	<b>181,166,678</b>	343,075	<b>203,238,850</b>	21,289,555
	Number of shares		Number of shares	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>832,110,000</b>	836,598,470	<b>832,110,000</b>	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	<b>832,110,000</b>	992,004,476	<b>832,110,000</b>	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 HK\$ (Unaudited)	2008 HK\$ (Unaudited)	2009 HK\$ (Unaudited)	2008 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	<b>181,166,678</b>	343,075	<b>203,238,850</b>	21,289,555
Less: loss for the period from discontinued operations	-	(142,407)	-	(149,452)
	<b>181,166,678</b>	485,482	<b>203,238,850</b>	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.

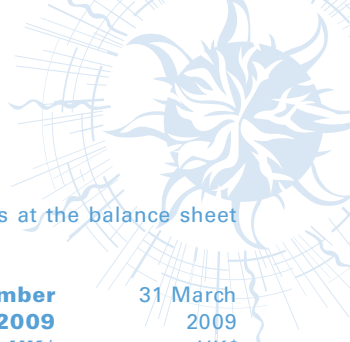
## 9. Exploration and evaluation assets

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



## 10. Property, plant and equipment

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



## 11. Trade receivables

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

	<b>30 September 2009 HK\$ (Unaudited)</b>	31 March 2009 HK\$ (Audited)
Within 30 days	<b>13,211,601</b>	9,734,757
31 – 60 days	<b>13,431,448</b>	10,266,584
61 – 90 days	<b>6,735,094</b>	8,589,474
Over 90 days	<b>70,753,113</b>	67,420,057
	<b><u>104,131,256</u></b>	<u>96,010,872</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 2009 approximate to their fair values.

## 12. Prepayments, deposits and other receivables

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

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

### 13. Amounts due to directors

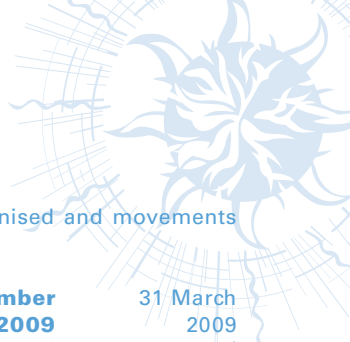
The amounts due to directors are unsecured, interest free and repayable on demand.

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
	<u>18,860</u>	<u>23,780</u>	<u>17,733</u>	<u>21,802</u>
Less: Future finance charges	<u>(1,127)</u>	<u>(1,978)</u>		
Present value of lease obligations	<u>17,733</u>	<u>21,802</u>		
Less: Amount due within one year shown under current liabilities			<u>(8,854)</u>	<u>(8,376)</u>
Amount due after one year			<u>8,879</u>	<u>13,426</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 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:

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

## 16. Share capital

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



## 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.

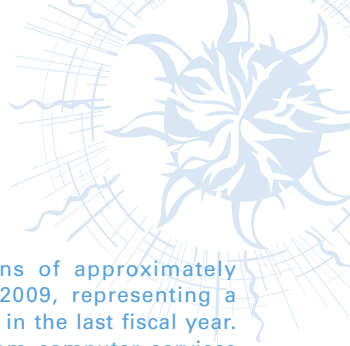
### *Compensation of key management personnel*

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 2009		For the six months ended 30 September 2009	
	2008	2008	2008	2008
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	<b>510,000</b>	1,005,000	<b>1,020,000</b>	2,030,100
Post-employment benefits	<b>6,000</b>	9,000	<b>12,000</b>	18,000
Share options granted	-	15,946,877	-	15,946,877
	<b>516,000</b>	16,960,877	<b>1,032,000</b>	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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

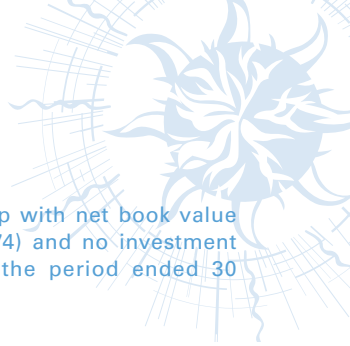
Concerning the mining business in Indonesia, the Board considers that Indonesia has abundant resources to be discovered and explored. After the acquisition of Gold Track Mining and Resources Limited, the Board considers that it has the requisite experience and knowledge in discovery of the natural resources.

### 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.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 30 September 2009, 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 Cheuk Wa	Corporate (Note)	140,000,000	Interest of a controlled corporation	16.82%
Mr. Tang Hon Kwong	Personal	3,700,000	Beneficial owner	0.44%
Mr. Lee Chi Shing, Caesar	Personal	500,000	Beneficial owner	0.06%

*Note:* These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Chau Cheuk Wa, as to 45% by Mr. Cheng Ting Kong, and as to 10% by Mr. Lai Ting Kwong.

### (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 2009 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the period	Exercise price of share option HK\$	Exercise period		Number of share options outstanding as at 30 September 2009
					from	until	
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
Mr. Lee Chi Shing, Caesar	19/8/2008	8,380,000	-	1.14	19/8/2008	18/8/2018	8,380,000

Save as disclosed above, during the six months ended 30 September 2009, 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 2009, 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 2009 and no share option was granted or exercised during the six months ended 30 September 2009.

As at 30 September 2009, 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 2009	Exercised during the period	At 30 September 2009		
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
	<u>120,450,000</u>	<u>–</u>	<u>120,450,000</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 2009, 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 (Note 1)	Corporate	140,000,000	Beneficial owner	16.82%
Cheng Ting Kong (Note 1)	Corporate	140,000,000	Interest of a controlled corporation	16.82%
Chau Cheok Wa (Note 1)	Corporate	140,000,000	Interest of a controlled corporation	16.82%
Premier United Limited (Note 2)	Corporate	95,000,000	Beneficial owner	11.42%
Chan Ping Che (Note 2)	Corporate	95,000,000	Interest of a controlled corporation	11.42%
Lam Shiu May (Note 2)	Corporate	95,000,000	Interest of a controlled corporation	11.42%
Yeung Hak Kan	Personal	113,768,500	Beneficial owner	13.67%



*Notes:*

1. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Cheng Ting Kong, as to 45% by Mr. Chau Cheok Wa and as to 10% by Mr. Lai Ting Kwong.
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 2009, 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 2009 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.

## 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.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2009.

## 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.

## BOARD OF DIRECTORS

As at the date of this report, 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, 6 November 2009