



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



Third Quarterly Report 2008



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

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*This report, for which the directors (the “Directors”) of Sun International Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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 was HK\$133,632,928 for the nine months ended 31 December 2008, representing an increase of approximately 2,039% from the corresponding period in the previous fiscal year.
- For the nine months ended 31 December 2008, gross profit of the Group was HK\$100,774,694 as compared to the gross profit of HK\$2,158,909 recorded in the corresponding period in the previous fiscal year.
- Net profit attributable to shareholders of the Group for the nine months ended 31 December 2008 amounted to HK\$23,133,386 as compared to net loss of HK\$18,440,528 for the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2008 (2007: Nil).



## CONSOLIDATED THIRD QUARTERLY RESULTS FOR 2008 (UNAUDITED)

The board of Directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Group for the nine months ended 31 December 2008 together with the comparative unaudited figures for the corresponding period in 2007 as follows:

### Condensed Consolidated Income Statement

For the three months and nine months ended 31 December 2008

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



## Condensed Consolidation Statement of Changes in Equity

For the nine months ended 31 December 2008

	Attributable to equity holders of the Company									
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Property Revaluation Reserve	Accumulated Loss	Total	Minority Interest	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 April 2007	19,300,000	17,090,836	-	(119,998)	3,272,393	-	(34,198,593)	5,344,638	-	5,344,638
Share placing	5,494,000	174,448,500	-	-	-	-	-	179,942,500	-	179,942,500
Issue of consideration shares	5,600,000	148,400,000	-	-	-	-	-	154,000,000	-	154,000,000
Recognition of share issue expenses	-	(4,632,851)	-	-	-	-	-	(4,632,851)	-	(4,632,851)
Share option benefits	-	-	-	-	5,716,284	-	-	5,716,284	-	5,716,284
Exercise of share options	895,000	16,009,006	-	-	(2,433,506)	-	-	14,470,500	-	14,470,500
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,500,958	2,500,958
Loss for the nine months ended 31 December 2007	-	-	-	-	-	-	(18,440,528)	(18,440,528)	202,148	(18,238,380)
At 31 December 2007	31,289,000	351,315,491	-	(119,998)	6,555,171	-	(52,639,121)	336,400,543	2,703,106	339,103,649
<b>At 1 April 2008</b>	<b>31,319,000</b>	<b>587,166,683</b>	<b>-</b>	<b>(119,998)</b>	<b>4,606,631</b>	<b>1,089,000</b>	<b>(30,081,198)</b>	<b>593,990,118</b>	<b>2,705,088</b>	<b>596,695,206</b>
Issue of shares for acquisition of subsidiary (Note 1)	2,100,000	75,600,000	-	-	-	-	-	77,700,000	-	77,700,000
Exercise of share options (Notes 2 & 3)	120,000	2,228,759	-	-	(218,759)	-	-	2,130,000	-	2,130,000
Share option lapsed	-	-	-	-	(357,081)	-	357,081	-	-	-
Share option benefits	-	-	-	-	15,946,877	-	-	15,946,877	-	15,946,877
Repurchase of shares (Note 4)	(254,600)	-	-	-	-	-	-	(254,600)	-	(254,600)
Premium on repurchase of share	-	(6,496,650)	-	-	-	-	-	(6,496,650)	-	(6,496,650)
Capital redemption reserve arising from repurchase of shares	-	-	254,600	-	-	-	(254,600)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	(899,000)	453,375	(445,625)	-	(445,625)
Profit for the nine months ended 31 December 2008	-	-	-	-	-	-	23,133,386	23,133,386	3,274,464	26,407,850
At 31 December 2008	33,284,400	658,498,792	254,600	(119,998)	19,977,668	190,000	(6,391,956)	705,693,506	5,979,552	711,673,058

Note 4

Note 5



*Notes:*

1. On 20 May 2008, the Company issued and allotted 105,000,000 shares for partly consideration for the acquisition of a subsidiary, Superb Kings Limited.
2. On 22 May 2008 and 10 June 2008, the Company allotted and issued 500,000 and 5,000,000 new shares of HK\$0.02 each pursuant to the exercise of share options. The exercise price was HK\$0.33 and HK\$0.36 per share respectively.
3. On 25 September 2008, the Company allotted and issued 250,000 new shares of HK\$0.04 each pursuant to the exercise of share options. The exercise price was HK\$0.66 per share.
4. The Company repurchased its own shares on the Stock Exchange during the period ended 30 September 2008. The shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.
5. The merger deficit of the Group represents the difference between the nominal value of the shares of acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefor.

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS****1. Basis of preparation**

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

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

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

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

**2. Revenue**

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

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



### 3. Disposal of subsidiaries

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

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

### 4. Income tax expense

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

### 5. Dividend

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



## 6. Earnings/(loss) per share

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

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

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

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

## 7. Acquisition of subsidiaries

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



## Notes:

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

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

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

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

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

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

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

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

### Business Review

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

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

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



## Prospects

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

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

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

Concerning the loan to Gold Track Mining and Resources Limited ("Gold Track"), the Board considers that Indonesia has abundant resources to be discovered and explored. It will provide a great potential for the business growth if the Group is able to step into the natural resources business of Indonesia. As the current financial position of the Group is sound, the Board considers it is beneficial to provide the Loan to Gold Track. On 8 October 2008, the Group entered into a subscription agreement with Gold Track, pursuant to which the Group would subscribe 11,739 shares of Gold Track (representing 54% of the enlarged share capital to Gold Track), in consideration of the Group capitalizing the loan. Gold Track has the requisite experience and knowledge in discovery of the natural resources.

## Material Acquisition

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

## Liquidity and Financial Resources

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



## Share Consolidation

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

## Charges on Group Assets

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

## Contingent Liabilities

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

## Foreign Exchange Exposure

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

## Employee Information

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

## Change of Company Name

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



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

As at 31 December 2008, 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*

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Capacity</b>	<b>Percentage of issued shares</b>
Mr. Chau Cheuk Wa	Corporate <i>(Note)</i>	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 31 December 2008 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the period	Share option lapsed	Exercise price of share option HK\$	Exercise period		Number of share options outstanding as at 31 December 2008
						from	until	
Mr. Chien Hoe Yong	26/03/2007	250,000	250,000	-	0.66	26/03/2008	25/03/2017	-
	1/11/2007	125,000	-	125,000	2.94	1/11/2007	31/10/2017	-
Mr. Kwok Kwan Hung	26/03/2007	250,000	250,000	-	0.66	26/03/2008	25/03/2017	-
	1/11/2007	125,000	-	125,000	2.94	1/11/2007	31/10/2017	-
Mr. Siu Hi Lam, Alick	1/11/2007	125,000	-	-	2.94	1/11/2007	31/10/2017	125,000
Mr. Tang Han Kwong	19/8/2008	3,580,000	-	-	1.14	19/8/2008	18/8/2018	3,580,000
	27/8/2008	4,800,000	-	-	1.16	27/8/2008	26/8/2018	4,800,000
Mr. Lee Chi Shing, Caesar	19/8/2008	8,380,000	-	-	1.14	19/8/2008	18/8/2018	8,380,000

*Note:* The number of share options and exercise price have been adjusted for the Share Consolidation that became effective on 26 June 2008.

Save as disclosed above, during the nine months ended 31 December 2008, the company grant new share options at 19 August 2008 and 27 August 2008 for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the nine months ended 31 December 2008, 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 31 December 2008 and no share option was granted or exercised during the nine months ended 31 December 2008.

As at 31 December 2008, 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 2008	Exercised during the period	Share option lapsed	At 31 December 2008		
26/03/2007	500,000	500,000	-	-	26/03/2008 to 25/03/2017	0.66
13/08/2007	17,450,000	-	-	17,450,000	13/8/2007 to 12/8/2017	0.76
17/08/2007	14,400,000	2,500,000	2,300,000	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
01/11/2007	575,000	-	450,000	125,000	01/11/2007 to 31/10/2017	2.94
19/08/2008	-	-	-	74,200,000	19/08/2008 to 18/08/2018	1.14
27/08/2008	-	-	-	9,600,000	27/08/2008 to 26/08/2018	1.16
	<u>42,525,000</u>	<u>3,000,000</u>	<u>2,750,000</u>	<u>120,575,000</u>		

*Note:* The number of share options and exercise price have been adjusted for the Share Consolidation that became effective on 26 June 2008.



## 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 31 December 2008, 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
Premier United Limited (Note 1)	Corporate	95,000,000	Beneficial owner	11.42%
Chan Ping Che (Note 1)	Corporate	95,000,000	Interest of a controlled corporation	11.42%
Lam Shiu May (Note 1)	Corporate	95,000,000	Interest of a controlled corporation	11.42%
First Cheer Holdings Limited (Note 2)	Corporate	140,000,000	Beneficial owner	16.82%
Cheng Ting Kong (Note 2)	Corporate	140,000,000	Interest of a controlled corporation	16.82%
Chau Cheok Wa (Note 2)	Corporate	140,000,000	Interest of a controlled corporation	16.82%
Yeung Hak Kan	Personal	69,963,500	Beneficial owner	8.41%



*Notes:*

1. Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May. Accordingly, both Mr. Chan Ping Che and Ms. Lam Shiu May are deemed under the SFO to be interested in the 95,000,000 shares beneficially owned by Premier United Limited.
2. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Cheng Ting Kong, as to 45% by Mr. Chau Cheok Wa and as to 10% by Mr. Lai Ting Kwong.

Save as disclosed above, as at 31 December 2008, 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 four members, Mr. Siu Hi Lam, Alick, Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael 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. Mr. Siu Hi Lam, Alick was resigned at 15 January 2009 for his other career opportunities. The results for the nine months ended 31 December 2008 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 four members, Mr. Siu Hi Lam, Alick, Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael and Mr. Ng Tat Fai, all of them are independent non-executive Directors and Mr. Fung Kwok Ki was appointed as the Chairman of the Remuneration Committee. Mr. Siu Hi Lam, Alick was resigned at 15 January 2009 for his other career opportunities.

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.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company purchased 6,365,000 shares of the Company’s listed securities during the period under review.

## 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. Poon Lai Yin, Michael and Mr. Ng Tat Fai.

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

Hong Kong, 6 February 2009