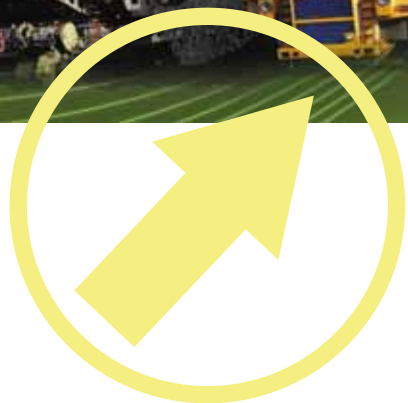




Sun International Group Limited
太陽國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029



*ENVISIONING
LONG TERM
GOALS & RESULTS*

Third Quarterly Report 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 was approximately HK\$136,815,000 for the nine months ended 31 December 2010, representing an increase of approximately 1% from the corresponding period in the previous fiscal year.
- For the nine months ended 31 December 2010, gross profit of the Group was approximately HK\$113,245,000 as compared to the gross profit approximately HK\$94,825,000 from the corresponding period in the previous fiscal year.
- Profit attributable to owners of the parent for the nine months ended 31 December 2010 amounted to approximately HK\$42,253,000 as compared to profit of approximately HK\$204,096,000 from 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 2010 (2009: Nil).

CONSOLIDATED THIRD QUARTERLY 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 nine months ended 31 December 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 nine months ended 31 December 2010

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Revenue	2	51,900,020	46,858,395	136,815,331	135,445,492
Direct cost		(7,817,235)	(11,254,530)	(23,570,775)	(40,620,093)
Gross profit		44,082,785	35,603,865	113,244,556	94,825,399
Other operating income		760,426	75,195	1,669,209	342,050
Gain on business combination	3	-	-	-	184,200,827
Amortization		(665,497)	(6,294,125)	(1,522,235)	(12,588,250)
Administrative expenses		(38,092,834)	(23,594,565)	(68,941,281)	(52,037,951)
Finance costs		(815,997)	(337)	(832,959)	(1,187)
Profit before taxation	4	5,268,883	5,790,033	43,617,290	214,740,888
Income tax expense	5	(2,146,285)	(2,909,911)	(6,200,875)	(7,675,116)
Profit for the period		3,122,598	2,880,122	37,416,415	207,065,772
Other comprehensive income:					
Currency translation differences		1,547,838	541,203	783,611	1,004,489
Other comprehensive income for the period		1,547,838	541,203	783,611	1,004,489
Total comprehensive income for the period		4,670,436	3,421,325	38,200,026	208,070,261
Profit attributable to:					
Equity holders of the company		6,253,719	857,108	42,252,822	204,095,958
Non-controlling interests		(3,131,121)	2,023,014	(4,836,407)	2,969,814
		3,122,598	2,880,122	37,416,415	207,065,772

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Total comprehensive income for the period attributable to:					
Equity holders of the company		7,047,760	1,174,117	42,701,530	204,650,633
Non-controlling interests		(2,377,324)	2,247,208	(4,501,504)	3,419,628
		4,670,436	3,421,325	38,200,026	208,070,261
Dividend	6	-	-	-	-
Earnings per share					
Basic (HK cents per share)		0.68	0.10	4.61	24.53
Diluted (HK cents per share)		0.65	0.10	4.52	24.52

Condensed Consolidation Statement of Changes in Equity

For the nine months ended 31 December 2010

	Attributable to equity holders of the Company										Non-Controlling Interest	Total
	Share Capital	Share Premium	Capital Redemption Reserve	Convertible Bonds Reserve	Merger Deficit	Share Option Reserve	Exchange Translation Reserve	Accumulated Profit/(Loss)	Sub-total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	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	-	-	-	-	-	-	-	-	-	165,971,548	165,971,548	
Profit for the period	-	-	-	-	-	-	-	204,095,958	204,095,958	2,969,814	207,065,772	
Other comprehensive income: Currency translation differences	-	-	-	-	-	-	554,675	-	554,675	449,814	1,004,489	
Total comprehensive income for the period ended 31 December 2009	33,284,400	658,498,793	254,600	-	(119,998)	19,912,759	554,675	205,357,346	917,742,575	176,791,299	1,094,533,874	
Share option benefits	-	-	-	-	-	9,160,998	-	-	9,160,998	-	9,160,998	
As at 31 December 2009 (Unaudited)	33,284,400	658,498,793	254,600	-	(119,998)	29,073,757	554,675	205,357,346	926,903,573	176,791,299	1,103,694,872	

Condensed Consolidation Interim Statement of Changes in Equity

For the nine months ended 31 December 2010

	Attributable to equity holders of the Company									Non-Controlling Interest	Total
	Share Capital	Share Premium	Capital Redemption Reserve	Convertible Bonds Reserve	Merger Deficit	Share Option Reserve	Exchange Translation Reserve	Accumulated Profit/(Loss)	Sub-total		
	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS
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	-	-	-	-	-	-	-	42,252,822	42,252,822	(4,836,407)	37,416,415
Other comprehensive income:											
Share issue upon exercise of share option	499,600	12,388,378	-	-	-	(1,969,378)	-	-	10,918,600	-	10,918,600
Currency translation differences	-	-	-	-	-	-	448,708	-	448,708	334,903	783,611
Total comprehensive income for the period ended 31 Dec 2010	37,104,000	747,737,035	254,600	-	(119,998)	3,641,561	212,869	290,691,605	1,107,521,672	362,510,453	1,470,032,125
Share option benefits	-	-	-	-	-	11,147,193	-	-	11,147,193	-	11,147,193
Equity component of convertible bonds	-	-	-	17,944,380	-	-	-	-	17,944,380	-	17,944,380
As at 31 December 2010 (Unaudited)	37,104,000	747,737,035	254,600	17,944,380	(119,998)	42,788,754	212,869	290,691,605	1,136,613,245	362,510,453	1,499,123,698

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 2010.

The unaudited consolidated results of the Group for the nine months ended 31 December 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 and is analysed as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Continuing operations				
Hotel services	20,581,789	20,943,456	62,502,755	62,342,450
Computer software solution and service	31,278,566	25,829,421	71,181,868	72,228,114
Mining	-	-	-	-
Others	39,665	85,518	3,130,708	874,928
	51,900,020	46,858,395	136,815,331	135,445,492

3. GAIN FROM A BARGAIN PURCHASE

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

	31 December 2010 HK\$ (Unaudited)	31 December 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)
	<hr/>	<hr/>
	-	360,816,298
Non-controlling interests	-	(165,975,497)
Gain from a bargain purchase	-	(184,200,827)
	<hr/>	<hr/>
Total consideration	-	10,639,974
	<hr/>	<hr/>
Satisfied by:		
Interest income receivable	-	647,507
Convertible loans	-	7,800,000
Direct expenses relating to the acquisitions	-	2,192,467
	<hr/>	<hr/>
	-	10,639,974
	<hr/>	<hr/>
Net cash inflow arising on acquisition	-	4,046,287
Bank balance and cash		
Direct expenses relating to the acquisitions	-	(2,192,467)
	<hr/>	<hr/>
	-	1,853,820
	<hr/>	<hr/>

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 GoldTrack 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 31 December		For the nine months ended 31 December	
	2010 HK\$ (Unaudited)	2009 HK\$ (Unaudited)	2010 HK\$ (Unaudited)	2009 HK\$ (Unaudited)
Employee benefits expense including those of directors				
– wages, salaries and others	9,225,247	9,048,270	27,377,824	26,491,011
– share base payment expense	11,147,193	9,160,998	11,147,193	9,160,998
Amortisation for intangible asset	665,497	6,294,125	1,522,235	12,588,250
Interest on convertible bonds	809,742	–	809,742	–
Depreciation for property, plant and equipment				
– owned assets	1,436,368	3,865,017	4,521,462	5,818,876
– finance lease assets	24,325	3,914	72,974	7,819
Interest income	18,728	(2,264)	32,766	(5,611)

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 31 December		For the nine months ended 31 December	
	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)
Current income tax				
– Hong Kong profits tax	2,120,590	2,895,410	6,142,087	7,818,123
– Overseas taxation	25,695	14,501	58,788	48,755
	2,146,285	2,909,911	6,200,875	7,675,116

6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 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 31 December		For the nine months ended 31 December	
	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	6,253,719	857,108	42,252,822	204,095,958
	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	918,815,870	832,110,000	916,349,782	832,110,000
Effect of dilutive potential ordinary shares: share options	41,080,004	61,072,449	18,143,055	400,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	959,895,874	893,182,449	934,492,837	832,510,000

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

8. POST BALANCES EVENTS

On 23 November 2010, the Group entered into the Memorandum of Understanding (“the MOU”) with Yuet Sing Group Limited (“Yuet Sing”) regarding the acquisition of the registered and paid-up capital of the Yuet Sing’s wholly owned Subsidiary (“PRC subsidiary”). The PRC Subsidiary, a wholly owned foreign enterprise established in the PRC, is the beneficial owner of a mining and exploration licensee in respect of the iron resource at the Mine. Pursuant to the MOU, the Group intends to acquire and the Yuet Sing intends to dispose of not less than 50% of the registered and paid up capital of the PRC Subsidiary.

On 12 December 2010, the Group and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Group has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of 51% of the Sale Capital and the Sale Loan at a total consideration of HK\$408 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group recorded a turnover of approximately HK\$136,815,000 for the nine months ended 31 December 2010, representing an increase of 1% when compared to the corresponding period in the last fiscal year. The slightly increase was mainly due to the revenue generated from (movie distribution).

The direct cost was decreased to approximately HK\$23,571,000 from approximately HK\$40,620,000 compared with the same period of last year. The increase in gross profit margin was mainly due to arise in movie production costs was incurred in the last fiscal year.

Administrative expenses increased to 32% approximately HK\$68,941,000 compared to approximately HK\$52,038,000 in 2009. On 25 November 2010 and 7 December 2010, the Company granted 56,720,000 and 9,150,000 share options accounted for as an equity settled share based payment of approximately HK\$11,147,000.

The profit after taxation for the three months period ended 31 December 2010 increased to approximately HK\$3,123,000 from approximately HK\$2,880,000 compared with the same period of last year.

The profit attributable to equity holders of the Company for the nine months ended 31 December 2010 was increased to approximately HK\$42,253,000 from approximately of HK\$19,895,000 compared with the same period of last year after excluding the gain from a bargain purchase of approximately HK\$184,201,000. The increase mainly due to the amortization amount decreased and no more production cost was incurred during the period.

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 which stimulates the inflation rate. Hence, the price of iron is increasing while 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 GoldTrack Mining and Resources Limited, and GoldTrack 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.

Both mines have completed in setting up all necessary machineries and stable income will be expected in the coming quarter.


On 12 December 2010, the Group acquired 51% of Yuet Sing Group Limited ("Yuet Sing"). Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei province, PRC. Details of the Sale and Purchase Agreement are set out in the announcement of the Company dated 6 January 2011.

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. The Group will concentrate more on the mining business in the future.

Liquidity and Financial Resources

As of 31 December 2010, the Group's net assets increased by approximately HK\$78,211,000 from net assets of approximately HK\$1,420,913,000 as at 31 March 2010 to approximately \$1,499,124,000 as at 31 December 2010. The cash and bank balances as at 31 December 2010 was approximately HK\$201,155,000, representing an increase of approximately 356% when compared with the balance as at 31 March 2010. The increase is mainly contributed by the net proceeds received from the issue of the convertible bonds of amount RMB130,000,000 on 8 December 2010. During the nine months ended 31 December 2010, the Group's operation was mainly financed by the internal financial resources of the Group.

Charges on Group Assets

As at 31 December 2010, plant and equipment of the Group with net book value of HK\$323,000 was held under finance lease (2009: HK\$50,294).

Contingent Liabilities

As at 31 December 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 arrangements to reduce the currency risk have been implemented.

Employee Information

The total number of employees was 507 as at 31 December 2010 (2009: 600), and the total remuneration for the nine months ended 31 December 2010 was approximately HK\$25,756,000 (2009: HK\$34,353,000). 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 31 December 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	17.87%
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: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa and as to 50% by Mr. Cheng Ting Kong.

(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 2010 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 31 December 2010
					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
	9/2/2010	8,300,000	-	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	-	1.54	25/11/2010	24/11/2020	9,150,000
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
	25/11/2010	9,150,000	-	1.54	25/11/2010	24/11/2020	9,150,000
Ms. Cheng Mei Ching	9/2/2010	8,300,000	-	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	-	1.54	25/11/2010	24/11/2020	9,150,000
Mr. Chau Cheok Wa	25/11/2010	910,000	-	1.54	25/11/2010	24/11/2020	910,000

Save as disclosed above, during the nine months ended 31 December 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 nine months ended 31 December 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 31 December 2010.

As at 31 December 2010, details of share options outstanding were as follows:

Date of grant	Number of share options				Exercise price of share options HK\$	
	At 1 April 2010	Granted during the period	Exercised during the period	At 31 December 2010		
13/08/2007	17,450,000	-	-	17,450,000	13/08/2007 to 12/08/2016	0.76
17/08/2007	9,600,000	-	-	9,600,000	17/08/2007 to 16/08/2016	0.72
21/08/2007	9,600,000	-	-	9,600,000	21/08/2007 to 20/08/2016	0.69
19/08/2008	74,200,000	-	(4,190,000)	70,010,000	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	-	(8,300,000)	49,800,000	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	0.9
25/11/2010	-	56,720,000 (Note)	-	56,720,000	25/11/2010 to 24/11/2020	1.54
07/12/2010	-	9,150,000 (Note)	-	9,150,000	07/12/2010 to 06/12/2020	1.74
	<u>203,450,000</u>	<u>65,870,000</u>	<u>(12,490,000)</u>	<u>256,830,000</u>		

Note: During the nine month period ended 31 December 2010, a total of 65,870,000 share options were granted. 56,720,000 and 9,150,000 share options were granted on 25 November 2010 and 7 December 2010 respectively, the closing price of the Company shares immediately before the date on which the aforesaid share options were granted as HK\$1.54 and HK\$1.74 per share respectively.

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 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 (Note 1)	Corporate	165,775,000	Beneficial owner	17.87%
Cheng Ting Kong (Note 1)	Corporate	165,775,000	Interest of a controlled corporation	17.87%
Chau Cheok Wa (Note 1)	Corporate	165,775,000	Interest of a controlled corporation	17.87%
Yeung Hak Kan	Personal	118,298,500	Beneficial owner	12.75%
Premier United Limited (Note 2)	Corporate	95,000,000	Beneficial owner	10.24%
Chan Ping Che (Note 2)	Corporate	95,000,000	Interest of a controlled corporation	10.24%
Lam Shiu May (Note 2)	Corporate	95,000,000	Interest of a controlled corporation	10.24%

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. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 165,775,000 shares beneficially owned by First Cheer Holdings Limited.
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 31 December 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 nine months ended 31 December 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.

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 nine months ended 31 December 2010.

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, 11 February 2011