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## **SUNSHINE CAPITAL INVESTMENTS GROUP LIMITED**

**明陽資本投資集團有限公司**

**(formerly known as Prime Investments Holdings Limited)**

*(incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

(Stock Code: 721)

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

The Board of Directors of Sunshine Capital Investments Group Limited (the “**Company**”) is pleased to announce the unaudited condensed interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2009 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *For the six months ended 31 December 2009*

		<b>Unaudited Six months ended 31 December</b>	
		<b>2009</b>	2008
	<i>Note</i>	<b>HK\$</b>	<b>HK\$</b>
Turnover	4	<b>90,202,297</b>	49,183,165
Revenue	5	<b>85,811,507</b>	(61,805,530)
Other revenue and income	5	<b>1,883,287</b>	755,841
Impairment loss of available-for-sale financial assets		–	(1,950,000)
Administrative expenses		<b>(7,741,104)</b>	(4,797,293)
<b>Operating profit/(loss)</b>		<b>79,953,690</b>	(67,796,982)
Finance costs		–	–

		<b>Unaudited Six months ended 31 December</b>	
	<i>Note</i>	<b>2009</b>	2008
		<b><i>HK\$</i></b>	<b><i>HK\$</i></b>
<b>Profit/(loss) before income tax</b>	6	<b>79,953,690</b>	(67,796,982)
Income tax	7	<u>(12,399,421)</u>	<u>–</u>
<b>Profit/(loss) for the period</b>		<u><b>67,554,269</b></u>	<u>(67,796,982)</u>
Other comprehensive income		<u>–</u>	<u>–</u>
<b>Total comprehensive income for the period</b>		<u><b>67,554,269</b></u>	<u>(67,796,982)</u>
Interim dividend	8	<u><b>12,421,670</b></u>	<u>Nil</u>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>Earnings/(loss) per share</b>	9		
Basic		<u><b>2.72</b></u>	<u>(2.72)</u>
Diluted		<u><b>2.71</b></u>	<u>(2.72)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2009*

		Unaudited At 31 December 2009 <i>HK\$</i>	Audited At 30 June 2009 <i>HK\$</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>112,342</u>	<u>142,464</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	10	285,484,965	169,808,268
Amount due from a shareholder		19,110	19,110
Prepayments, deposits and other receivables		599,683	53,560,555
Cash and bank balances		<u>83,693,317</u>	<u>63,037,330</u>
		<u>369,797,075</u>	<u>286,425,263</u>
<b>Current liabilities</b>			
Other payables and accruals		983,709	353,047
Amount due to a related company		529,652	244,908
Tax payable		<u>12,399,421</u>	<u>–</u>
		<u>13,912,782</u>	<u>597,955</u>
<b>Net current assets</b>		<u>355,884,293</u>	<u>285,827,308</u>
<b>Net assets</b>		<u><u>355,996,635</u></u>	<u><u>285,969,772</u></u>
<b>Capital and reserves</b>			
Share capital	12	24,843,340	24,838,340
Reserves		<u>331,153,295</u>	<u>261,131,432</u>
		<u><u>355,996,635</u></u>	<u><u>285,969,772</u></u>
<b>Net asset value per share</b>	13	<u><u>14.33 HK cents</u></u>	<u><u>11.51 HK cents</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 31 December 2009*

	Share capital HK\$	Share premium account HK\$	Contributed surplus HK\$	Proposed dividend HK\$	Capital reserve HK\$	Share option reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
At 1 July 2009 (audited)	24,838,340	291,405,037	-	-	2,765,838	1,762,697	-	(34,802,140)	285,969,772
Total comprehensive income for the period	-	-	-	-	-	-	-	67,554,269	67,554,269
Transfer ( <i>note</i> )	-	(291,405,037)	291,405,037	-	-	-	-	-	-
Equity settled share-based transactions	-	-	-	-	-	2,447,594	-	-	2,447,594
Issue of new shares - Exercise of share options	5,000	28,104	-	-	-	(8,104)	-	-	25,000
Interim proposed dividend	-	-	(12,421,670)	12,421,670	-	-	-	-	-
At 31 December 2009 (unaudited)	<u>24,843,340</u>	<u>28,104</u>	<u>278,983,367</u>	<u>12,421,670</u>	<u>2,765,838</u>	<u>4,202,187</u>	<u>-</u>	<u>32,752,129</u>	<u>355,996,635</u>
At 1 July 2008 (audited)	24,835,340	291,388,175	-	-	2,765,838	1,580,471	2,879,637	(52,512,850)	270,936,611
Total comprehensive income for the period	-	-	-	-	-	-	-	(67,796,982)	(67,796,982)
Equity settled share-based transactions	-	-	-	-	-	201,456	-	-	201,456
At 31 December 2008 (unaudited)	<u>24,835,340</u>	<u>291,388,175</u>	<u>-</u>	<u>-</u>	<u>2,765,838</u>	<u>1,781,927</u>	<u>2,879,637</u>	<u>(120,309,832)</u>	<u>203,341,085</u>

*Note:* By a special resolution passed on 8 December 2009 and in compliance with section 46(2) of the Companies Act 1981 of Bermuda, the balance of the share premium account of HK\$29,405,037 brought forward was transferred to the contributed surplus of the Company.

Under Section 54 of the Companies Act 1981 of Bermuda, the contributed surplus account is distributable if:

- (a) the Company is, or would after the payment of dividend or distribution be, able to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would hereby exceed the aggregate of its liabilities and its issued capital and share premium account.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2009

	Unaudited Six months ended 31 December	
	2009	2008
	HK\$	HK\$
Net cash generated from/(used in) operating activities	<b>51,515,078</b>	(7,755,528)
Net cash used in investing activities	<b>(30,884,091)</b>	(94,699,760)
Net cash generated from financing activities	<b>25,000</b>	–
Net increase/(decrease) in cash and cash equivalents	<b>20,655,987</b>	(102,455,288)
Cash and cash equivalents at beginning of period	<b>63,037,330</b>	180,817,111
Cash and cash equivalents at end of period	<b><u>83,693,317</u></b>	<b><u>78,361,823</u></b>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b><u>83,693,317</u></b>	<b><u>78,361,823</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2009*

### 1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 31 December 2009 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for the certain financial instruments which are measured at fair value, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s audited annual financial statements for the year ended 30 June 2009.

In the current interim period, the Group has adopted, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”).

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendment)	Vesting Condition and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendment)	Embedded derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods.

## **HKAS 1 (Revised) – Presentation of financial statements**

HKAS 1 (Revised) has introduced a number of terminology changes, (including revised titles for the condensed consolidated financial statements) and changes in the format and content of the condensed consolidated financial statements.

## **Amendments to HKFRS 7 Financial instruments: Disclosures**

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements of the Group's financial instruments, categorizing these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

HKFRSs (Amendment)	Amendments to HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of improvements to HKFRSs 2009 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>2</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>3</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-Time Adopters <sup>4</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters <sup>6</sup>
HKFRS 2 (Amendment)	Group Cash-Settlement Share-Based Payments Transactions <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – Int 14 (Amendments)	Payments of a Minimum Funding Requirement <sup>2</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>6</sup>

<sup>1</sup> Amendments that are effective for accounting periods beginning on or after 1 January 2010

<sup>2</sup> Effective for accounting periods beginning on or after 1 January 2011

<sup>3</sup> Effective for accounting periods beginning on or after 1 February 2010

<sup>4</sup> Effective for accounting periods beginning on or after 1 January 2010

<sup>5</sup> Effective for accounting periods beginning on or after 1 January 2013

<sup>6</sup> Effective for accounting periods beginning on or after 1 July 2010

### **3. SEGMENT INFORMATION**

No analysis of the Group's turnover and contribution to operating profit/(loss) for the current period and the prior period set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding, and the consolidated turnover, consolidated results and assets of the Group are attributable from Hong Kong.

#### 4. TURNOVER

	Unaudited Six months ended 31 December	
	2009	2008
	HK\$	HK\$
Sale proceeds from sale of financial assets at fair value through profit or loss – listed securities	89,189,882	48,887,022
Dividend income from listed securities	1,012,415	296,143
	<u>90,202,297</u>	<u>49,183,165</u>

#### 5. REVENUE, OTHER REVENUE AND INCOME

	Unaudited Six months ended 31 December	
	2009	2008
	HK\$	HK\$
<b>Revenue</b>		
Fair value gain/(loss) on financial assets at fair value through profit or loss	75,804,758	(42,057,588)
Dividend income from listed securities	1,012,415	296,143
Gain/(loss) on disposal of listed securities	8,994,334	(20,044,085)
	<u>85,811,507</u>	<u>(61,805,530)</u>
<b>Other revenue and income</b>		
Bank interest income	1,883,274	755,841
Sundry income	13	–
	<u>1,883,287</u>	<u>755,841</u>
Revenue, other revenue and income	<u>87,694,794</u>	<u>(61,049,689)</u>



## 6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 31 December	
	2009	2008
	HK\$	HK\$
Custodian fee	102,331	155,574
Depreciation	36,608	36,428
Investment management fee	979,915	514,855
Exchange gain	(161)	–
Operating leases charges for premises	443,865	441,340
Share-based payments to consultants	594,539	9,725
Staff costs, including directors' remuneration		
Salaries and allowances	1,767,290	1,774,028
Contributions to retirement benefits schemes	24,000	24,000
Share-based payments	1,853,055	191,731
	<u>3,644,345</u>	<u>1,989,759</u>

## 7. INCOME TAX

	Unaudited Six months ended 31 December	
	2009	2008
	HK\$	HK\$
Hong Kong Profits Tax		
– Provision for the current period	<u>12,399,421</u>	<u>–</u>

Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profit for the period. No provision for Hong Kong Profits Tax was made for the last period ended 31 December 2008 as the Group sustained a loss for tax purposes.

No tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for both periods.

## 8. INTERIM DIVIDEND

After the period end, an interim dividend of HK0.5 cents per share (2008: Nil) was proposed by the directors of the Company for the six months ended 31 December 2009. The dividend proposed after the period end date has not been recognised as a liability and is included in the equity at the period end date.

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity holders of the Company for the period of HK\$67,554,269 (2008: loss of HK\$67,796,982) and the weighted average number of 2,483,836,762 (2008: 2,483,534,030) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period ended 31 December 2009 is based on the profit for the period attributable to equity holders of the Company of HK\$67,554,269 and the weighted average number of ordinary shares 2,483,836,762 used in basic earnings per share calculation and adjusted for the effect of share options existing during the period of 6,542,676.

The diluted loss per share for the period ended 31 December 2008 was same as the basic loss per share because the existence of outstanding share options had an anti-dilutive effect on the calculation of diluted loss per share.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 31 December 2009 HK\$	Audited At 30 June 2009 HK\$
Listed equity securities held for trading:		
– in Hong Kong	<u>253,908,992</u>	<u>130,563,167</u>
Market value of listed equity securities	253,908,992	130,563,167
Investment in debt securities		
– debt element of convertible bonds ( <i>note 11</i> )	11,509,093	9,743,618
– conversion options embedded in convertible bonds ( <i>note 11</i> )	<u>20,066,880</u>	<u>29,501,483</u>
	<u>285,484,965</u>	<u>169,808,268</u>

The above financial assets are held for trading.

The fair value of listed equity securities are determined based on the last quoted market bid prices available on the relevant exchange at the balance sheet date.

Fair value gain of HK\$75,804,758 (2008: loss of HK\$42,057,588) has been recognised in the condensed consolidated statement of comprehensive income.

Particulars of the major components of the investment portfolio as at 31 December 2009 in terms of carrying value of the respective investments, are as follows:

### China Water Affairs Group Limited (“China Water”)

China Water was incorporated in Bermuda and its shares are listed on the main board of the Stock exchange (stock code: 855). China Water is principally engaged in water supply and water supply infrastructure in the People’s Republic of China (“PRC”).

As at 31 December 2009, the Group held 29,294,000 shares (30 June 2009: 25,094,000 shares) in China Water, representing 2.2% (31 March 2009: 2%) in the issued share capital in China Water. Dividend of HK\$733,096 was received during the period. Based on the interim report of China Water at 30 September 2009, the unaudited consolidated profit attributable to equity holders of China Water was HK\$226 million (31 March 2009: HK\$115 million). As at 30 September 2009, the unaudited consolidated net assets of China Water were approximately HK\$3,167 million (31 March 2009: HK\$2,688 million). As at 31 December 2009, the market value of the Group's investment in the shares of China Water was approximately HK\$90.5 million (30 June 2009: HK\$49 million).

#### **China Water Property Group Limited (“China Property”)**

China Property was incorporated in Cayman Islands and its shares are listed on the main board of the Stock Exchange (stock code: 2349). China Property is principally engaged in the production and distribution of snack food and convenience frozen food products.

As at 31 December 2009, the Group held 592,451,105 shares (30 June 2009: 75,556,666 shares) in China Property, representing 7.0% (30 June 2009: 6.8%) in the issued share capital in China Property. No dividend was received during the period. Based on the interim report of China Property for the period ended 30 June 2009, the unaudited loss attributable to equity holders of China Property was HK\$64 million (31 December 2008: profit HK\$16 million). As at 30 June 2009, the unaudited consolidated net assets of China Property were approximately HK\$59 million (31 December 2008: HK\$102 million). As at 31 December 2009, the market value of the Group's investment in the shares of China Property was approximately HK\$87 million (30 June 2009: HK\$21 million).

As further detailed in note 11 below, at 31 December 2009, the Group also held two series 3% unsecured coupon convertible bonds issued by China Property with an aggregate principal amount of HK\$15.5 million with maturity on 28 November 2010 and 13 November 2017. If all these convertible bonds were converted into shares of China Property at their respective effective conversion prices at the date of approval for the financial statements on 26 March 2010, the Group and the Company would increase its shareholdings in China Property by 197,887,971 shares.

#### **China Cosco Holdings Company Limited (“China Cosco”)**

China Cosco was incorporated in the PRC and its shares are listed on the main board of the Stock Exchange (stock code: 1919). China Cosco's business includes the provision a range of container shipping, dry bulk shipping, container terminal, managing and operating container leasing and logistic services all over the world.

As at 31 December 2009, the Group held 2,248,000 shares (30 June 2009: 1,930,000 shares) in China Cosco, representing less than 0.1% (30 June 2009: less than 0.1%) in the issued share capital in China Cosco. Based on the interim report of China Cosco at 30 June 2009, the unaudited loss attributable to equity holders in China Cosco was RMB4,594 million (31 December 2008: profit RMB15,123 million). As at 30 June 2009, the unaudited consolidated net assets of China Cosco were approximately RMB54,909 million (31 December 2008: RMB62,248 million). As at 31 December 2009, the market value of the Group's investment in the shares of China Cosco was approximately HK\$21 million (30 June 2009: HK\$18 million).

## 11. INVESTMENTS IN DEBT SECURITIES

On 22 September 2008, the Company acquired from Good Outlook Investments Limited, a wholly-owned subsidiary of China Water (stock code: 855) the 3% unsecured convertible bonds issued by China Water Property Group Limited (“China Property”), a company listed on the main board of the Stock Exchange of Hong Kong Limited with a face value of HK\$25,000,000, which bear coupon interest rate of 3% per annum, at a cash consideration of HK\$30,000,000. The China Property Convertible bonds due on 13 November 2017 (“2017 Convertible Bonds”) are convertible into fully paid ordinary shares of China Property with a par value of HK\$0.01 each at an initial conversion price of HK\$0.15, the conversion price was subsequently adjusted from HK\$0.15 to HK\$0.045 effective from 15 October 2009 upon completion of the open offer of China Property. The Company can exercise the conversion at anytime until the maturity date.

On 19 August 2009, the Company converted aggregate principal amount of HK\$5,000,000 with cost of HK\$6,000,000 into 33,333,333 shares in China Property at the conversion price of HK\$0.15 each when the closing market price of shares of China Property was HK\$0.355 per share on this conversion and a gain on this conversion of approximately HK\$5,833,333, which has been included in the fair value gain on financial assets at fair value through profit or loss for the period ended 31 December 2009.

On 17 November 2009, the Company further converted principal amount of HK\$5,000,000 with cost of HK\$6,000,000 into 111,111,111 shares in China Property at the conversion price of HK\$0.045 each when the closing market price of shares of China Property was HK\$0.146 per share on this conversion and a gain on this conversion of approximately HK\$10,222,222, which has been included in the fair value gain on financial assets at fair value through profit or loss for the period ended 31 December 2009.

As at 31 December 2009, the fair value of the debt element of these remaining 2017 Convertible Bonds and the conversion options element of these remaining 2017 Convertible Bonds were approximately HK\$2,122,261 and HK\$14,587,502, respectively.

On 18 June 2009, the Company acquired from Evolution Master Fund Ltd. SPC, Segregated Portfolio M, an independent third party, for the 3% unsecured convertible bonds issued by China Property with a face value of HK\$10,500,000, which bear coupon interest rate of 3% per annum, at cost of HK\$7,938,000. The Convertible bonds due on 28 November 2010 (“2010 Convertible Bonds”) are convertible into fully paid ordinary shares of China Property with a par value of HK\$0.01 each at an initial conversion price of HK\$1.43. The conversion price of 2010 Convertible Bonds was adjusted from HK\$1.43 to HK\$1.144 effective from 28 November 2008, from HK\$1.144 to HK\$0.40 effective from 11 August 2009 and further reduced from HK\$0.40 to HK\$0.121 effective from 15 October 2009 upon completion of the open offer of China Property. The Company can exercise the conversion at anytime until the maturity date. As at 31 December 2009, the fair value of the debt element of the 2010 Convertible Bonds and the conversion options element of the 2010 Convertible Bonds were approximately HK\$9,386,832 and HK\$5,479,378, respectively.

Both 2017 Convertible Bonds and 2010 Convertible Bonds are separated into two components: the debt element and the conversion options element. The Group has classified the debt elements and the conversion options elements of the 2017 Convertible Bonds and 2010 Convertible Bonds as financial assets at fair value through profit or loss under current assets.

The fair values of the debt element and the conversion options element of the 2017 Convertible Bonds and 2010 Convertible Bonds have been determined by a firm of independent professional valuers, BMI Appraisals Limited. At 31 December 2009, the aggregate fair values of the 2017 Convertible Bonds and 2010 Convertible Bonds were approximately HK\$31,575,973.

At as 31 December 2009, the fair value of the aggregate debt element of the two convertible bonds was approximately HK\$11,509,093, which was calculated based on the present value of contractually stream of future cash flows discounted at the required yield, which was determined with reference to bond issuers of similar credit rating and remaining time to maturity.

At 31 December 2009, the fair value of the aggregate conversion options element of the two convertible bonds was approximately HK\$20,066,880.

The fair values of the conversion options element of 2017 Convertible Bonds and 2010 Convertible Bonds of China Property were calculated using the Binomial model with the major inputs used in the model as follows:

	<b>At 31 December 2009</b>	
	<b>2017 Convertible Bonds</b>	<b>2010 Convertible Bonds</b>
Conversion price	HK\$0.045	HK\$0.121
Stock price	HK\$0.147	HK\$0.147
Expected volatility	84.68%	94.19%
Risk free rate	2.46%	0.21%
Time to maturity (years)	7.87	0.91
Expected dividend yield	0%	0%

The movement of the debt element and conversion options element of 2017 Convertible Bonds and 2010 Convertible Bonds are as follows:

#### **2017 Convertible Bonds**

	<b>Nominal value</b>	<b>Debt element</b>	<b>Conversion option element</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net carrying amount at 1 July 2009	15,000,000	2,525,324	25,283,522	27,808,846
Conversion during the period	(10,000,000)	(1,683,549)	(16,855,681)	(18,539,230)
Change in fair value:				
– Credited to profit or loss	–	1,280,486	6,159,661	7,440,147
Net carrying amounts at 31 December 2009	<u>5,000,000</u>	<u>2,122,261</u>	<u>14,587,502</u>	<u>16,709,763</u>

## 2010 Convertible Bonds

	Nominal value HK\$	Debt element HK\$	Conversion option element HK\$	Total HK\$
Net carrying amount at 1 July 2009	10,500,000	7,218,294	4,217,961	11,436,255
Change in fair value:				
– Credited to profit or loss	–	2,168,538	1,261,417	3,429,955
Net carrying amounts at 31 December 2009	<u>10,500,000</u>	<u>9,386,832</u>	<u>5,479,378</u>	<u>14,866,210</u>

## 12. SHARE CAPITAL

	Note	Number of shares	HK\$
<b>Authorised:</b>			
At 1 July 2008, 30 June 2009 and 31 December 2009			
Ordinary shares of HK\$0.01 each		30,000,000,000	300,000,000
<b>Issued and fully paid:</b>			
As at 1 July 2008			
Ordinary shares of HK\$0.01 each		2,483,534,030	24,835,340
Issue of new shares			
– Exercise of share options	(a)	300,000	3,000
As at 30 June 2009		2,483,834,030	24,838,340
Issue of new shares			
– Exercise of share options	(a)	500,000	5,000
At 31 December 2009		<u>2,484,334,030</u>	<u>24,843,340</u>

Note:

### (a) Issue of new shares upon exercise of share options

During the year ended 30 June 2009 and the period ended 31 December 2009, share options to subscribe for 300,000 shares and 500,000 shares were exercised, of which HK\$3,000 and HK\$5,000 were credited to share capital and the balance of HK\$16,862 and HK\$28,104 were credited to the share premium account.

## 13. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based in the net assets attributable to the equity holders of the Company of HK\$355,996,635 (30 June 2009: HK\$285,969,772) and 2,484,334,030 (30 June 2009: 2,483,834,030) ordinary shares in issue as at 31 December 2009.

#### 14. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had total future outstanding minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>Unaudited</b>	Audited
	<b>At 31</b>	At 30
	<b>December 2009</b>	June 2009
	<i>HK\$</i>	<i>HK\$</i>
Within one year	<b>1,002,630</b>	1,363,080
In the second to fifth years, inclusive	<b>175,545</b>	496,635
	<b><u>1,178,175</u></b>	<b><u>1,859,715</u></b>

#### 15. SHARE OPTIONS

The estimated fair value of the 53,930,000 share options granted during the period ended 31 December 2009 is HK\$2,447,594 which was calculated using the Binomial Options Pricing Model (the "Model") as at the date of the grant of the share options. The followings are the inputs to the Model:

Share price:	HK\$0.127
Exercise price:	HK\$0.130
Expected volatility:	82.18%
Expected dividend yield:	0%
Risk free rate:	1.71%
Expected life of the share options:	4 years and 9 months

Expected volatility was determined by using the historical volatility of the share prices of the Company.

The Group recognised a total expense of approximately HK\$2,447,594 for the period ended 31 December 2009 (2008: HK\$201,456) in relation to the share options granted by the Company.

The Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. During the period, 500,000 share options were exercised.

## 16. RELATED PARTY TRANSACTIONS

### Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 6 is as follows:

	<b>2009</b>	2008
	<b>HK\$</b>	<b>HK\$</b>
Salaries and allowances	<b>1,767,290</b>	1,774,028
Retirement scheme contributions	<b>24,000</b>	24,000
Share-based payments	<b>1,853,055</b>	191,731
	<b><u>3,644,345</u></b>	<u>1,989,759</u>

During the period, the Group entered into the following material related party transactions:

		<b>Unaudited</b>	
		<b>Six months</b>	
		<b>ended 31 December</b>	
		<b>2009</b>	2008
	<i>Note</i>	<b>HK\$</b>	<b>HK\$</b>
Investment management fees paid to Pegasus Fund Managers Limited	(a)	<b>51,075</b>	250,000
Investment Management fee paid to Altantis Investment Management (Hong Kong) Limited	(b)	<b>928,840</b>	265,855
Legal advisory fees paid	(c)	<b>180,500</b>	206,580
		<b><u>1,160,415</u></b>	<u>522,435</u>

(a) Pursuant to an investment management agreement dated 21 February 2006 and subsequently amended on 1 August 2006, Pegasus Fund Managers Limited ("Pegasus"), whereby Pegasus has agreed to provide investment management services to the Company for a period of three years effective from 1 August 2006. Pegasus is entitled to a management fee from the Company calculated at the following rates:

- (i) 2.5% per annum of the net asset value of the Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days, subject to a monthly minimum fee of HK\$41,667; and
- (ii) 10% of the surplus in net asset value of the Group over a financial year or period, which the surplus in the net asset value should be greater than HK\$30,000,000.

Mr. Pong Po Lam, an executive director of the Company, has 91.57% equity interest in Pegasus.

The investment management agreement was expired on 31 July 2009.



- (b) On 18 April 2008, the new investment management agreement was entered into with Altantis Investment Management (Hong Kong) Limited (“Altantis”), whereby Altantis has agreed to provide investment management services to the Company for a period of three years effective from 13 May 2008. Altantis is entitled to receive a management fee calculated at the following rates:
  - (i) 1% per annum of the market value of the portfolio; and
  - (ii) a performance-related fee of 10% per annum of the appreciation in the market value of the portfolio above 10% hurdle rate per annum.
- (c) During the current period, Michael Li & Co, a company controlled by the Company secretary, Mr. Li Chi Chung provided various legal advisory services to the Company.

## **17. POST BALANCE SHEET EVENTS**

On 14 January 2010, Globe Capital Resources Investment Limited, a wholly-owned subsidiary of the Company, entered into the agreement with Shenzhen Xinyu Tianfan 深圳市新宇天帆进出口有限公司, an independent third party, for the acquisitions of 25% equity interest in Xinguo County Changxin Mining Corporation Limited and 20% equity interest in Beijing Youyi Jinyuan International Trading Company Limited for a consideration of RMB14,000,000 and RMB4,000,000, respectively. Both Xinguo County Changxin Mining Corporation Limited and Beijing Youyi Jinyuan International Trading Company Limited are engaged in the exploitation and exploration of the metal mines in the PRC.

## **INTERIM DIVIDEND**

The Board declared an interim dividend of HK0.5 cents per ordinary share for the six months ended 31 December 2009 (the “Period”) (2008: Nil). The interim dividend will be payable on or about Tuesday, 4 May 2010 to the shareholders whose names appear on the register of members on Friday, 16 April 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group is principally engaged in the investments in the listed securities for short term and in the unlisted equities for medium and long term.

2009 was an extremely challenging year for the global economy. It began with further turmoil in global financial markets. But during the year, conditions of the Group was progressively stabilized and significantly improved as the management took great effort on risk control and diversifying the portfolio of investments. The Group reported a profit of HK\$67,554,269 for the six months ended 31 December 2009, as compared with a loss of HK\$67,796,982 for corresponding period of last year. The basic earnings per share were approximately HK2.72 cents (2008: loss per share HK2.72 cents).

### **Prospect**

Our investments vary from trading securities in The Stock Exchange of Hong Kong Limited, investing in convertible bonds of listed companies in Hong Kong and unlisted equities in the People’s Republic of China (the “PRC”). The Group invested in two metal mining companies in PRC in January 2010, which contain several mines with rich reserves of metal ores of valuable copper, wolfram zinc and vanadium. As the present continuous economic improvement in the PRC and increasing global demand for different kinds of metal, the Directors consider that this investment develops a new investment with significant growth potential and reflects the diversification investment of the Group. Apart from trading securities and existing investments, the management will also keep seeking more investment opportunities with potential of asset appreciation as well as with sustainable income stream across various sectors to enhance returns to the Group and shareholders within the acceptable risk profile.

In January 2010, the Company changed its name from “Prime Investments Holdings Limited” to “Sunshine Capital Investments Group Limited” and adopted the new Chinese name “明陽資本投資集團有限公司”. As the Company’s investments are mainly in the PRC and Hong Kong, it is necessary for the Company to have a Chinese name to represent its business nature. The Board considers that the change of name can more accurately reflect the current principal activities of the Group. In addition, the new name can also refresh the Company’s corporate image and identity. The Board is of the opinion that the change of Company name will clearly benefit the Company’s future business development and is in the best interests of the Company and the Shareholders as a whole.

## **Liquidity and Financial Review**

As at 31 December 2009, the Group had cash and bank balance of HK\$83,693,317 (30 June 2009: HK\$63,037,330). Most of the cash and bank balance were placed in Hong Kong dollar deposits with banks in Hong Kong. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2009 was approximately 2,658% (30 June 2009: 47,901%), gearing ratio (calculated as the long term loan to the total shareholders' equity) of the Group as at 31 December 2009 was zero (30 June 2009: zero). As at 31 December 2009, the Group had total equity of HK\$355,996,635 (30 June 2009: HK\$285,969,772).

## **Capital Structure**

There has been no change in the share capital structure during the six months ended 31 December 2009.

## **Investment Portfolio**

The Group's investment portfolio comprised of listed investments and unlisted investments. As at 31 December 2009, the Group held listed investments, at market value, of HK\$285,484,965 (30 June 2009: HK\$169,808,268).

As at 31 December 2009, the Group's unlisted investments, valued at cost less impairment, totaling HK\$Nil (30 June 2009: HK\$Nil).

## **Major Acquisition and Disposal of Subsidiary**

No material acquisition or disposal of subsidiary during the current Period.

## **Share Premium Reduction**

On 15 October 2009, the Company proposed to implement share premium reduction which will involve a reduction of the entire amount standing to the credit of the share premium account of the Company to nil. The credit arising from the share premium reduction will be credited to the contributed surplus account of the Company. The resolution was duly passed as special resolution at the annual general meeting (the "AGM") of the Company held on 8 December 2009. The share premium reduction was take effect on 9 December 2009.

## **Exposure to Fluctuations in Exchange Rates**

Since the Group mainly uses Hong Kong dollars and Renminbi to carry out its business transactions, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

## **Employees and Remuneration Policy**

As at 31 December 2009, the Group had 10 employees. The total staff cost of the Group for the Period was HK\$3,644,345 (2008: HK\$1,989,759). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

## SHARE OPTION SCHEMES

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a new Share Option Scheme (the “Scheme”) on 15 January 2008. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. The following table discloses movement in the Company’s share options under the Scheme during the period:

Name or category of participant	Number of share options				At 31 December 2009	Exercise Period	Exercise Price	Date of Grant
	At 1 July 2009	Granted during the period	Exercise during the period	Lapsed during the period				
<b>Directors</b>								
Wang Wenxia	18,400,000	-	-	-	18,400,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	6,430,000	-	-	-	6,430,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	24,830,000	-	-	24,830,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	24,830,000	24,830,000	-	-	49,660,000			
Pong Po Lam, Paul	1,200,000	-	-	-	1,200,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	500,000	-	500,000	-	-	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	1,000,000	-	-	1,000,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	1,700,000	1,000,000	500,000	-	2,200,000			
Ding Xiaobin	500,000	-	-	-	500,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	300,000	-	-	-	300,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	500,000	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	800,000	500,000	-	-	1,300,000			
Cheung Wai Bun, Charles	1,300,000	-	-	-	1,300,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	800,000	-	-	-	800,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	2,600,000	-	-	2,600,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	2,100,000	2,600,000	-	-	4,700,000			
Zhang Yong	300,000	-	-	-	300,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	300,000	-	-	-	300,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	500,000	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	600,000	500,000	-	-	1,100,000			

Name or category of participant	Number of share options				At 31 December 2009	Exercise Period	Exercise Price	Date of Grant
	At 1 July 2009	Granted during the period	Exercise during the period	Lapsed during the period				
<b>Directors</b>								
Ma Jie	8,000,000	-	-	-	8,000,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	2,000,000	-	-	-	2,000,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	10,000,000	-	-	10,000,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>			
Chan Po Fun, Peter (retired on 8 December 2009)	300,000	-	-	-	300,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
Fung Cheuk Nang, Clement	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	500,000	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	500,000	500,000	-	-	1,000,000			
Zeng Xianggao	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	500,000	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>			
Qualified allotees in aggregate	3,000,000	-	-	-	3,000,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	-	13,500,000	-	-	13,500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>3,500,000</u>	<u>13,500,000</u>	<u>-</u>	<u>-</u>	<u>17,000,000</u>			
	<u>44,830,000</u>	<u>53,930,000</u>	<u>500,000</u>	<u>-</u>	<u>98,260,000</u>			

## AUDIT COMMITTEE

The audit committee (the “Audit Committee”) of the Company comprises Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Zeng Xianggao, all of whom are independent non-executive Directors. The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

The Company’s unaudited interim financial report for the six months ended 31 December 2009 has been reviewed by the Audit Committee and Messrs. CCIF CPA Limited, auditors of the Company.

## **REMUNERATION COMMITTEE**

The Company has established a remuneration committee (the “Remuneration Committee”) in accordance with Appendix 14(B) of the Listing Rules. The Remuneration Committee comprises one executive Director, namely Ms. Wang Wenxia and two independent non-executive Directors, namely Dr. Cheung Wai Bun, Charles and Mr. Zhang Yong. The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group’s policy and structure for all remuneration of the Directors and senior management of the Group.

## **INTERNAL CONTROL**

The Board has overall responsibilities for maintaining sound and effective internal control system in the Company. The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. The Audit Committee was established for conducting a review of the internal control of the Company which covers the material controls including financial, operational and compliance controls and risk management functions. Procedures have been set up, inter alia, for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. The management throughout the Company maintains and monitors the internal control system on an ongoing basis.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules for the Period, except for the following deviations:

### **1. Code Provision A.2.1**

Under the Code Provision A.2.1 of the Code, the roles of chairman and chief executive officer (the “CEO”) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The positions of both chairman and CEO have been held by Ms. Wang Wen Xia since 28 February 2008 upon her appointment as chairman. Given the Group’s current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Ms. Wang possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company’s strategies.

## **2. Code Provision A.4.1**

Under the Code Provision A.4.1, non-executive Directors should be appointed for a specific term and subject to re-election. However, the non-executive Directors have not been appointed for specific terms but are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Company's bye-laws (the "Bye-laws"). At each annual general meeting, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code (the "Mode Code") for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2009.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during six months ended 31 December 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 12 April 2010 to Friday, 16 April 2010 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the interim dividend for the six months ended 31 December 2009, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 April 2010.

On behalf of the Board  
**Sunshine Capital Investments Group Limited**  
**Wang Wen Xia**  
*Chairman*

Hong Kong, 26 March 2010

*As at the date of this announcement, the executive Directors are Ms. Wang Wen Xia and Mr. Pong Po Lam, Paul, the non-executive Directors are Mr. Ding Xiaobin, Mr. Fung Cheuk Nang Clement and Mr. Ma Jie and the independent non-executive Directors are Dr. Cheung Wai Bun, Charles, Mr. Zhang Yong and Mr. Zeng Xianggao.*