



**太陽國際資源有限公司**  
**SUN INTERNATIONAL RESOURCES LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8029)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

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

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

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

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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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## **FINANCIAL SUMMARY (UNAUDITED)**

- Turnover of the Group was approximately HK\$61,646,000 for the six months ended 30 September 2016, representing an increase of approximately 20% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2016, gross profit of the Group was approximately HK\$36,973,000 as compared to the gross profit of approximately HK\$28,345,000 from the corresponding period in the previous fiscal year.
- Loss attributable to shareholders of the Group for the six months ended 30 September 2016 amounted to approximately HK\$7,474,000 as compared to net loss of approximately HK\$74,859,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

## CONSOLIDATED INTERIM RESULTS FOR 2016 (UNAUDITED)

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Group for the three months and six months ended 30 September 2016, together with the comparative unaudited figures for the corresponding period in 2015 were as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2016

		For the three months ended 30 September		For the six months ended 30 September	
		2016	2015	2016	2015
	Notes	HK\$	HK\$	HK\$	HK\$
Revenue	2	<b>40,605,594</b>	16,014,505	<b>61,645,644</b>	51,452,285
Direct costs		<b>(17,672,255)</b>	(2,014,972)	<b>(24,672,840)</b>	(23,107,223)
Gross profit		<b>22,933,339</b>	13,999,533	<b>36,972,804</b>	28,345,062
Other operating income		<b>16,773,839</b>	4,362,330	<b>21,062,712</b>	7,692,856
Administrative expenses		<b>(25,741,942)</b>	(70,863,387)	<b>(70,838,648)</b>	(102,716,306)
Share of losses of associates		–	(12,687)	<b>(43,800)</b>	(31,292)
Profit on disposal of associates	3	<b>14,753,487</b>	–	<b>14,753,487</b>	–
Finance costs		<b>(5,155,106)</b>	(5,276,602)	<b>(8,392,840)</b>	(8,237,123)
(Loss)/Profit before taxation	4	<b>23,563,617</b>	(57,790,813)	<b>(6,486,285)</b>	(74,946,803)
Income tax expense	5	<b>(1,036,454)</b>	–	<b>(1,202,100)</b>	(313,563)
<b>(Loss)/Profit for the period</b>		<b>22,527,163</b>	(57,790,813)	<b>(7,688,385)</b>	(75,260,366)
<b>Other comprehensive (loss)/income:</b>					
Currency translation differences		<b>(7,115,202)</b>	17,119,417	<b>(494,659)</b>	18,581,087
<b>Other comprehensive (loss)/income for the period</b>		<b>(7,115,202)</b>	17,119,417	<b>(494,659)</b>	18,581,087
<b>Total comprehensive (loss)/income for the period</b>		<b>15,411,961</b>	(40,671,396)	<b>(8,183,044)</b>	(56,679,279)

		For the three months ended 30 September		For the six months ended 30 September	
		2016	2015	2016	2015
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>(Loss)/Profit attributable to:</b>					
Equity holders					
of the Company		<b>22,638,479</b>	(57,533,644)	<b>(7,473,965)</b>	(74,858,700)
Non-controlling interests		<b>(111,316)</b>	(257,169)	<b>(214,420)</b>	(401,666)
		<b><u>22,527,163</u></b>	<b><u>(57,790,813)</u></b>	<b><u>(7,688,385)</u></b>	<b><u>(75,260,366)</u></b>
<b>Total comprehensive (loss)/ income attributable to:</b>					
Equity holders					
of the Company		<b>15,523,277</b>	(40,414,227)	<b>(7,968,624)</b>	(56,277,613)
Non-controlling interests		<b>(111,316)</b>	(257,169)	<b>(214,420)</b>	(401,666)
		<b><u>15,411,961</u></b>	<b><u>(40,671,396)</u></b>	<b><u>(8,183,044)</u></b>	<b><u>(56,679,279)</u></b>
<b>Dividend</b>	6	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>–</u></b>
<b>Earnings per share</b>	7				
Basic (HK cents per share)		<b><u>1.63</u></b>	<b><u>(4.13)</u></b>	<b><u>(0.54)</u></b>	<b><u>(5.38)</u></b>
Diluted (HK cents per share)		<b><u>1.63</u></b>	<b><u>(4.13)</u></b>	<b><u>(0.54)</u></b>	<b><u>(5.38)</u></b>

**Condensed Consolidated Statement of Financial Position**  
*As at 30 September 2016*

		At 30 September 2016 HK\$ (Unaudited)	At 31 March 2016 HK\$ (Audited)
Non-current assets			
Intangible assets	8	500,000	500,000
Goodwill	9	53,037,756	53,037,756
Property, plant and equipment	10	56,914,110	58,462,325
Biological assets – non-current portion		67,772,421	64,781,786
Other asset		275,000	350,000
Interest in associate		–	130,170,323
		<u>178,499,287</u>	<u>307,302,190</u>
Current assets			
Inventories		–	175,640
Biological assets – current portion		133,424,757	121,906,841
Loan receivable		38,000,000	30,000,000
Trade receivables	11	34,542,693	28,111,690
Advances to customers in margin financing		46,200,332	18,173,006
Prepayments, deposits and other receivables	12	8,884,747	11,937,933
Amount due from a related company		–	56,000
Bank balances and cash		63,802,304	105,525,721
Cash held on behalf of customers		103,424,599	171,968,670
		<u>428,279,432</u>	<u>487,855,501</u>
Current liabilities			
Trade payables	13	129,298,695	189,589,176
Accruals and other payables		32,753,769	28,079,016
Deposits received and deferred income		2,167,140	2,466,910
Amount due to related companies		104,880	593,841
Promissory note	14	–	140,000,000
Tax payables		1,233,244	24,713
		<u>165,557,728</u>	<u>360,753,565</u>
Net current assets		<u>262,721,704</u>	<u>127,101,845</u>
Total asset less current liabilities		441,220,991	434,404,035

		At <b>30 September</b> <b>2016</b> <i>HK\$</i> <b>(Unaudited)</b>	At 31 March 2016 <i>HK\$</i> (Audited)
Non-current liabilities			
Promissory note	<i>14</i>	<b>104,016,328</b>	104,016,328
Medium-term bonds		<b>248,000,000</b>	248,000,000
Interest bearing borrowings		<b>15,000,000</b>	–
		<u><b>367,016,328</b></u>	<u>352,016,328</u>
		<u><b>74,204,663</b></u>	<u>82,387,707</u>
Capital and reserves			
Share capital	<i>15</i>	<b>55,656,000</b>	55,656,000
Reserves		<b>15,526,334</b>	23,494,958
Non-controlling interest		<b>3,022,329</b>	3,236,749
		<u><b>74,204,663</b></u>	<u>82,387,707</u>

**Condensed Consolidation Interim Statement of Changes in Equity**  
*For the six months ended 30 September 2016*

	Attributable to equity holders of the Company									Total HK\$
	Share Capital HK\$	Share Premium HK\$	Capital Redemption Reserve HK\$	Merger Deficit HK\$	Share Option Reserve HK\$	Exchange Translation Reserve HK\$	Accumulated Profits/ (Loss) HK\$	Sub-total HK\$	Non- Controlling Interests HK\$	
At 1 April 2015 (Audited)	55,656,000	775,075,169	254,600	369,866	46,554,612	(15,804,934)	(697,533,828)	164,571,485	13,114,995	177,686,480
Profit for the six months ended 30 September 2015	-	-	-	-	-	-	(74,858,700)	(74,858,700)	(401,666)	(75,260,366)
Other comprehensive income:										
Dividend paid	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	18,581,087	-	18,581,087	-	18,581,087
Total comprehensive income for the six months ended 30 September 2015	-	-	-	-	-	18,581,087	(74,858,700)	(56,277,613)	(401,666)	(56,679,279)
At 30 September 2015 (Unaudited)	55,656,000	775,075,169	254,600	369,866	46,554,612	2,776,153	(772,392,528)	108,293,872	12,713,329	121,007,201
At 1 April 2016 (Audited)	55,656,000	775,075,169	254,600	369,866	46,554,612	22,170,362	(820,929,651)	79,150,958	3,236,749	82,387,707
Profit for the six months ended 30 September 2016	-	-	-	-	-	-	(7,473,965)	(7,473,965)	(214,420)	(7,688,385)
Other comprehensive income:										
Currency translation differences	-	-	-	-	-	(494,659)	-	(494,659)	-	(494,659)
Total comprehensive income for the six months ended 30 September 2016	-	-	-	-	-	(494,659)	(7,473,965)	(7,968,624)	(214,420)	(8,183,044)
At 30 September 2016 (Unaudited)	55,656,000	775,075,169	254,600	369,866	46,554,612	21,675,703	(828,403,616)	71,182,334	3,022,329	74,204,663

**Condensed Consolidated Statement of Cash Flows**  
*For the six months ended 30 September 2016*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<i>HK\$</i>	<i>HK\$</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>(47,560,555)</b>	(15,048,963)
<b>Net cash used in investing activities</b>	<b>139,793,233</b>	(1,263,358)
<b>Net cash generated from financing activities</b>	<b>(133,392,840)</b>	8,762,877
<b>Net decrease in cash and cash equivalent</b>	<b>(41,160,162)</b>	(7,549,444)
<b>Cash and cash equivalent at the beginning of the period</b>	<b>105,525,721</b>	50,438,508
<b>Effect of exchange rate changes</b>	<b>(563,255)</b>	22,574,730
<b>Cash and cash equivalent at the ended of the period</b>	<b><u>63,802,304</u></b>	<u>65,463,794</u>



## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2016.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 April 2016, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2016.

The unaudited consolidated results of the Group for the six months ended 30 September 2016 are unaudited but have been reviewed by the Company’s Audit Committee and auditors.

### 2. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers.

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

#### *Business segments*

The Group’s operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group’s business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organized into four business segments – financial services, equine services, computer software solution and services and others.

**Segment Information***For the period ended 30 September 2016 (Unaudited)*

	Financial services <i>HK\$</i>	Equine services <i>HK\$</i>	Computer software solution and services <i>HK\$</i>	Others <i>HK\$</i>	Consolidated <i>HK\$</i>
<b>Turnover</b>					
External sales	<u>25,217,824</u>	<u>26,797,820</u>	<u>9,630,000</u>	<u>–</u>	<u>61,645,644</u>
<b>Result</b>					
Segment result	<u>5,646,317</u>	<u>(13,244,963)</u>	<u>1,007,510</u>	<u>11,653,246</u>	<u>5,062,110</u>
Unallocated corporate income					<u>2,097</u>
Unallocated corporate expenses					<u>(3,257,568)</u>
Finance cost					<u>(8,292,924)</u>
Profit before tax					<u>(6,486,285)</u>
Income tax expense					<u>(1,202,100)</u>
Loss for the period					<u>(7,688,385)</u>

*For the period ended 30 September 2015 (Unaudited)*

	Financial services <i>HK\$</i>	Equine services <i>HK\$</i>	Computer software solution and services <i>HK\$</i>	Others <i>HK\$</i>	Consolidated <i>HK\$</i>
<b>Turnover</b>					
External sales	<u>–</u>	<u>35,642,285</u>	<u>15,810,000</u>	<u>–</u>	<u>51,452,285</u>
<b>Result</b>					
Segment result	<u>–</u>	<u>(64,481,359)</u>	<u>3,936,407</u>	<u>(4,094,482)</u>	<u>(64,639,434)</u>
Unallocated corporate income					<u>2,106</u>
Unallocated corporate expenses					<u>(2,072,352)</u>
Finance cost					<u>(8,237,123)</u>
Profit before tax					<u>(74,946,803)</u>
Income tax expense					<u>(313,563)</u>
Loss for the period					<u>(75,260,366)</u>

### *Geographical segments*

The Group's operations are principally located in Hong Kong, Macau and Australia. The following table provides an analysis of the Group's turnover by geographical market:

#### **Revenue from external customers**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong	<b>25,218,488</b>	1,281,685
Macau	<b>9,630,000</b>	14,810,000
Australia	<b>26,797,156</b>	35,360,600
	<b>61,645,644</b>	<b>51,452,285</b>

The following is an analysis of the carrying amount of segment non-current assets and capital expenditures analysed by geographical area in which the assets are located:

	<b>Non-current assets</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong	<b>63,399,890</b>	178,298,687
Macau	<b>6,450</b>	37,931
Australia	<b>115,092,947</b>	114,591,195
	<b>178,499,287</b>	<b>292,927,813</b>

### 3. DISPOSAL OF ASSOCIATES

On 15 July 2016, the Group disposed of its associates, Yuet Sing Group Limited together with their subsidiaries (“Yuet Sing”) to a director of the Target Company for a consideration of HK\$145,000,000. Yuet Sing is engaging in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei Province, PRC.

The net assets of Yuet Sing at the date of disposal are as follows:

	<i>HK\$</i>
<b>Analysis of assets and liabilities over which control was lost:</b>	
Intangible assets	403,000,000
Trade and other receivables	633,228
Prepayments and deposits	138,612
Bank balances and cash	2,396
Tax credit	272,666
Trade payables	(8,420)
Accruals and other payables	(5,375,011)
Amount due to a shareholder	(26,083,775)
	<hr/>
Net assets disposed of	372,579,696
	<hr/>
<b>Gain on disposal of associates</b>	
Cash consideration received	5,000,000
Promissory note	140,000,000
Net assets disposed of	(372,579,696)
Translation reserve	156,381
Equity holders	242,176,802
	<hr/>
Gain on disposal of associates	14,753,487
	<hr/>
<b>Net cash inflow arising on disposal</b>	
Cash consideration	5,000,000
	<hr/>

#### 4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Employee benefits expense including those of directors – wages, salaries and others	<b>8,777,706</b>	11,145,872	<b>18,518,958</b>	18,661,628
Depreciation for property, plant and equipment – owned assets	<b>2,151,438</b>	2,120,549	<b>4,373,296</b>	4,269,695
Interest income	<b>131,140</b>	87,068	<b>307,917</b>	171,683

#### 5. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2015: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Continuing operations				
Current income tax				
– Hong Kong profits tax	<b>1,036,454</b>	–	<b>1,202,100</b>	313,563
– Overseas taxation	–	–	–	–
	<b>1,036,454</b>	–	<b>1,202,100</b>	313,563

#### 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

## 7. EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	<u>22,638,479</u>	<u>(57,533,644)</u>	<u>(7,473,965)</u>	<u>(74,858,700)</u>
	Number of shares		Number of shares	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,391,400,000	1,391,400,000	1,391,400,000	1,391,400,000
Effect of dilutive potential ordinary shares: share options	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,391,400,000</u>	<u>1,391,400,000</u>	<u>1,391,400,000</u>	<u>1,391,400,000</u>

## 8. INTANGIBLE ASSETS

Upon the adoption of HKAS 38 “Intangible assets”, the Group’s eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited at carrying amount of HK\$500,000 is considered to have infinite useful lives, accordingly it is not amortised.

## 9. GOODWILL

	<b>30 September 2016 HK\$</b>	31 March 2016 HK\$
<b>Cost</b>		
Balance at 1 April 2016/2015	484,422,342	431,384,586
Additions	–	53,037,756
	<hr/>	<hr/>
Balance at 30 September/31 March	<b>484,422,342</b>	484,422,342
	<hr/>	<hr/>
<b>Impairment</b>		
Balance at 1 April 2016/2015	431,384,586	424,856,527
Impairment for the year	–	6,528,059
	<hr/>	<hr/>
Balance at 30 September/31 March	<b>431,384,586</b>	431,384,586
	<hr/>	<hr/>
<b>Carrying amounts</b>		
At 30 September/31 March	<b>53,037,756</b>	53,037,756
	<hr/>	<hr/>

### *Impairment testing of goodwill*

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) as at 30 September 2016 is allocated as follow:

	<b>30 September 2016 HK\$</b>	31 March 2016 HK\$
Securities brokerage and asset management business	52,537,757	52,537,757
Money lending business	499,999	499,999
	<hr/>	<hr/>
	<b>53,037,756</b>	53,037,756
	<hr/>	<hr/>

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
<b>Cost:</b>		
Balance at 1 April 2016/2015	94,983,648	83,698,559
Additions	4,287,990	13,409,198
Disposals	(1,657,987)	(1,144,832)
Foreign currency realignment	142,426	(979,277)
	<u>97,756,077</u>	<u>94,983,648</u>
<b>Accumulated Depreciation:</b>		
Balance at 1 April 2016/2015	36,521,323	26,346,130
Depreciation charge	4,370,232	11,136,764
Written back	(72,505)	(621,885)
Foreign currency realignment	22,917	(339,686)
	<u>40,841,967</u>	<u>36,521,323</u>
Balance at 30 September/31 March	<u>97,756,077</u>	<u>94,983,648</u>
<b>Net book values:</b>		
At 30 September/31 March	<u>56,914,110</u>	<u>58,462,325</u>

## 11. TRADE RECEIVABLES

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
Trade receivables	29,230,141	26,839,321
Less: Provision for bad debts	(1,434,994)	(2,678,721)
	<u>27,795,147</u>	<u>24,160,600</u>
Accounts receivables from brokers, dealers and clearing house	6,747,546	3,951,090
	<u>34,542,693</u>	<u>28,111,690</u>

Accounts receivables from brokers, dealers and clearing house are due and settled on two business days after the trade date and denominated in Hong Kong Dollars. Therefore, no ageing analysis is disclosed.



The following is an ageing analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) after provision for bad debts at the end of the reporting period:

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
Within 30 days	<b>12,903,841</b>	7,630,522
31–60 days	<b>6,768,637</b>	4,731,424
61–90 days	<b>2,282,166</b>	3,053,730
Over 90 days	<b>5,840,503</b>	8,744,924
	<b><u>27,795,147</u></b>	<u>24,160,600</u>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
Deposits	<b>4,547,700</b>	2,939,745
Prepayments	<b>3,187,015</b>	3,570,516
Other receivables	<b>1,150,032</b>	5,427,672
	<b><u>8,884,747</u></b>	<u>11,937,933</u>

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

## 13. TRADE PAYABLES

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
Trade payables	<b>18,865,853</b>	14,410,761
Accounts payables to clients and clearing house	<b>110,432,842</b>	175,178,415
	<b><u>129,298,695</u></b>	<u>189,589,176</u>

Majority of the accounts payables to clients are repayable on demand except where certain accounts payables to clients represent deposits received from clients for their securities trading activities under normal course of business. Only the excess amounts over the required margin deposits are repayable on demand.

No ageing analysis for accounts payables to clients and clearing house is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of the business.

The following is an aging analysis of trade payables (excluding account payment to clients and clearing house) at the end of reporting date:

	<b>30 September 2016 HK\$ (Unaudited)</b>	31 March 2016 HK\$ (Audited)
Within 30 days	<b>18,766,263</b>	11,939,885
31–90 days	<b>77,018</b>	1,967,641
91–120 days	<b>15,707</b>	282,976
Over 180 days	<b>6,865</b>	220,259
	<b><u>18,865,853</u></b>	<u>14,410,761</u>

#### 14. PROMISSORY NOTE

	<b>30 September 2016 HK\$</b>	31 March 2016 HK\$
Current	–	140,000,000
Non-current	<b>104,016,328</b>	104,016,328
	<b><u>104,016,328</u></b>	<u>244,016,328</u>

At 30 September 2016, the promissory note was unsecured, bears interest at 2% per annum and will mature on 28 February 2019.

The directors consider that the carrying amount of promissory note approximates to its fair value.

#### 15. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Amount HK\$</b>
Ordinary shares of Authorised:		
At 31 March/30 September 2016 (HK\$0.04 each)	<b><u>40,000,000,000</u></b>	<u>1,600,000,000</u>
Issued and fully paid:		
At 31 March/30 September 2016	<b><u>1,391,400,000</u></b>	<u>55,656,000</u>

## 16. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### *Compensation of key management personnel*

The remuneration of directors and key executives as key management of the Group during the period was as follows:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	991,523	610,505	2,211,023	1,221,009
Post-employment benefits	15,000	13,500	33,000	27,000
	<u>1,006,523</u>	<u>624,005</u>	<u>2,244,023</u>	<u>1,248,009</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

The Group recorded a turnover of approximately HK\$61,646,000 for the six months ended 30 September 2016, an increase of 20% when compared to the corresponding period in the last fiscal year. The increase was mainly due to introduction of financial services business during the fiscal year.

The direct costs were increased to approximately HK\$24,673,000 from approximately HK\$23,107,000 compared with the same period last year and the increase in gross profit margin was mainly due to introduction of financial services business during the fiscal year.

Administrative expenses made an decrease of 31% to approximately HK\$70,839,000 compared to approximately HK\$102,716,000 in 2015. The decrease was mainly due to decrease in administrative expenses of equine services business.

The loss attributable to equity holders of the Company for the six months ended 30 September 2016 was approximately HK\$7,474,000 as compared to net loss of HK\$74,859,000 from the corresponding period in the previous fiscal year. The decrease was mainly due to decrease in net loss of equine services business.

Under the condensed consolidated statement of cash flows, net cash from operating activities were decreased in approximately HK\$33 million compared with the same period last year, it was mainly due to decrease in cash deposit held on behalf of customers in approximately HK\$68 million, increase in advance to customers in margin finance in approximately HK\$28 million, decrease in trade payables in approximately HK\$60 million during the period and increase in deposit received in approximately HK\$20 million in the corresponding period of the last fiscal year; increase in accruals and other payables in approximately HK\$4 million

during the period but decrease in approximately HK\$7 million in the corresponding period in the last fiscal year; the decrease in bloodstock in approximately HK\$5 million and HK\$6 million respectively during the year and in the corresponding period of the last fiscal year.

## **Business Review**

The East Asia and Pacific region, where most of the Group's operations are situated, achieved a lower than expected economic growth of approximately 6.5% in 2015. The economic development in the region last year was characterized by continuous growth in personal consumption expenditure, stagnated performance in industrial consumptions and high activities level in the financial sector. As the Group's operations covered a wide range of segment, the economic environment faced by the business units varied from one to another.

While the Group continued to implement cost controls and to improve operating results, the board of directors also identified opportunities in the financial services segment to diversify the business scope and broaden the revenue base of the Group. The Group had acquired a money lending business in November 2015 and completed the acquisition of the entire issued share capital of Sun International Securities Limited ("SISL") and Sun International Asset Management Limited ("SIAML") in February 2016. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong, while SIAML is principally engaged in the provision of type 4, (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong.

Apart from the operating results, the board of directors was also mindful of the overall financial position of the Group. The board of directors would continue to closely monitor the financial position of the Group and the financial market environment in order to establish a more sustainable foundation for the Group.

### *Equine services*

The growth in personal consumption expenditure in the region has created a favorable environment for the equine services segment. This was also reflected in the increase in participants from the Asia countries in the Australian equine industry. Building on its experience in Australia, the Group has expanded the operation to Europe and Singapore. As of the latest practical date, approximately 16% of the Group's stallions and bloodstocks are located outside Australia. To better reflect the Group's global presence, the Group has changed the name of the operating company from Eliza Park International Pty. Limited to Sun Stud Pty. Limited.

The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last reporting period. However, the results from rearing of bloodstocks for trading and racing were relatively volatile. This was partly due to the mixed racing performance of the off springs of our stallions and mares, including the off springs trained by other stables. Moreover, the performance of some colts and fillies acquired from third parties when the business was established in late 2013 were below expectation. The Group considered that the results can be improved by increasing the percentage of bloodstocks

bred from its own mares and stallions because (i) the cost of bloodstock will be lower and (ii) the Group can have more influence on the training and development of the horses. As of the latest practical date, approximately 70% of the bloodstocks of the Group were bred from our own mares and stallions as compared to approximately 40% two years ago. This has laid a good foundation for enhancing the results from horse trading and racing. Besides improving the sales performance, the Group has implemented stringent cost controls and efficiency improvement measures.

#### *Financial services*

Whilst the financial systems in Asia have improved in the past decade, it is generally agreed that further deepening of banks and capital markets as well as broader access to households and firms are important to sustain growth and enhance equity. During the year ended 31 March 2016, the demand for financing by private enterprises in China remained high. The government had also implemented structural reforms in the capital markets in China to liberalize the market and to increase the linkage with the Hong Kong capital markets. The launch of Shanghai-Hong Kong Stock Connect program was a major milestone for such development.

The board of directors considered this a growth area to further broaden its revenue base and on 19 August 2015, Infinite Success Investments Limited, a wholly-owned subsidiary of the Company (the “Purchaser”), entered into a sales and purchase agreement (the “Sale and Purchase Agreement”) with Sun International Financial Group Limited (the “Vendor”) to acquire the entire issued capital of SISL and SIAML (the “Target Companies”) (the “Acquisition”). The transaction was subsequently completed on 29 February 2016 signaling the Group’s expansion into the financial services segment.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 with primary focus on equity financing, equity mortgage and corporate finance.

Since taking over of the operations of SISL and SIAML on 29 February 2016, the Group has successfully secured several mandates for placement and other corporate finance activities. The operating results of SISL have significantly improved over the corresponding period last year. Furthermore, we have secured the services of several seasoned investment managers for SIAML.

#### *Computer software solution and services*

The computer software solution and services segment recorded a decrease of sales revenue of 38% as compared to the corresponding period last year. As stated in the last year’s report, the industry has been experiencing increased competition, changing needs of customers and rapid development in information technology. Whilst the Group had increased the investment in new products development with a view of regaining our competitiveness, the initiative has yet to deliver significant positive results. Accordingly, the business continued to suffer loss in market share leading to further deterioration in its market position.

## **Prospects**

The region's economic outlook remained modest with elevated risk of slowdown in economic growth as well as higher volatility in the financial markets. On the one hand, this is unlikely to have any material impact on the equine services business which will further solidify its foundation for growth. With its enhanced facilities and its global reach in trading activities of thoroughbred horses, the Group will continue to offer superior service to our clients and take our brand to the global stage. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. For example, it is envisaged that the Shenzhen-Hong Kong Stock Connect program will be launched within this fiscal year. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the board of directors would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

## **Liquidity and Financial Resources**

As of 30 September 2016, the Group's net assets decreased to approximately HK\$74,205,000 from net assets of approximately HK\$82,388,000 as at 31 March 2016. The cash and bank balances as at 30 September 2016 was approximately HK\$63,802,000, representing a decrease of approximately 40% when compared with the balance as at 31 March 2016. During the six months ended 30 September 2016, the Group's operation was mainly financed by placing of bond through a financial institution.

## **Charges on Group Assets**

As at 30 September 2016, no plant and equipment of the Group was held under finance lease (2015: HK\$Nil).

## **Contingent Liabilities**

As at 30 September 2016, the Group had no contingent liabilities.

## **Foreign Exchange Exposure**

The income and expenditure of the Group were denominated in Hong Kong dollars and Australian dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or the arrangements to reduce the currency risk have been implemented.

## Employee Information

The total number of employees was 89 as at 30 September 2016 (2015: 102), and the total remuneration for the six months ended 30 September 2016 was approximately HK\$19,635,000 (2015: HK\$20,291,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

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

As at 30 September 2016, the interests and short positions of the Directors and chief executives 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 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. Cheng Ting Kong	Corporate (Note)	656,928,290	Interest of a controlled corporation	47.14%

*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 owner were granted share options to subscribe for shares of the Company, details of which as at 30 September 2016 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options HK\$	Exercise period from until		Number of options outstanding as at 30 September 2016
Mr. Cheng Ting Kong	25/11/2010	1,251,250	-	-	1.12	25/11/2010	24/11/2020	1,251,250
Ms. Cheng Mei Ching	9/2/2010	11,492,308	-	-	0.65	9/2/2010	8/2/2020	11,492,308
	25/11/2010	12,581,250	-	-	1.12	25/11/2010	24/11/2020	12,581,250
	10/9/2014	1,391,400	-	-	0.315	10/9/2014	9/9/2024	1,391,400
Mr. Lui Man Wah	10/9/2014	13,914,000	-	-	0.315	10/9/2014	9/9/2024	13,914,000

Save as disclosed above, during the six months ended 30 September 2016, the company grant no new share options 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 six months ended 30 September 2016, 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 option 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. No share option was granted or exercised during the six months ended 30 September 2016.

The operation of the old share option scheme was terminated on 5 December 2006, upon the approval of shareholders at the extraordinary general meeting held on 5 December 2006. Under the old share option scheme, no share option was outstanding as at 30 September 2016 and no share option was granted or exercised during the six months ended 30 September 2016.



As at 30 September 2016, 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 2016	Exercised during the period	At 30 September 2016		
13/08/2007	24,112,728	–	24,112,728	13/8/2007 to 12/8/2017	0.550
17/08/2007	13,292,308	–	13,292,308	17/8/2007 to 16/8/2017	0.520
21/08/2007	13,248,000	–	13,248,000	21/08/2007 to 20/08/2017	0.500
19/08/2008	91,241,206	–	91,241,206	19/08/2008 to 18/08/2018	0.830
27/08/2008	6,628,572	–	6,628,572	27/08/2008 to 26/08/2018	0.840
16/12/2009	68,244,444	–	68,244,444	16/12/2009 to 15/12/2019	0.540
09/02/2010	22,984,616	–	22,984,616	09/02/2010 to 08/02/2020	0.650
25/11/2010	65,408,750	–	65,408,750	25/11/2010 to 24/11/2020	1.120
07/12/2010	12,635,714	–	12,635,714	07/12/2010 to 06/12/2020	1.260
10/09/2014	29,219,400	–	29,219,400	10/09/2014 to 09/09/2024	0.315
	<u>347,015,738</u>	<u>–</u>	<u>347,015,738</u>		

## DIRECTORS' RIGHT TO ACQUIRE SHARES

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

## DIRECTORS' INTERESTS IN CONTRACTS

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

## SUBSTANTIAL SHAREHOLDERS AND DISCLOSURE UNDER SFO

So far as is known to any Directors or chief executives of the Company, as at 30 September 2016, 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*

<b>Name of Shareholders</b>	<b>Nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Capacity</b>	<b>Percentage of issued shares</b>
First Cheer Holdings Limited ( <i>Note 1</i> )	Corporate	654,677,040	Beneficial owner	47.05%
Cheng Ting Kong ( <i>Note 1</i> )	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Chau Cheok Wa ( <i>Note 1</i> )	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Raywell Holdings Limited ( <i>Note 2</i> )	Corporate	135,430,000	Beneficial owner	9.73%
Yeung Hak Kan ( <i>Note 2</i> )	Corporate	135,430,000	Interest of a controlled corporation	9.73%

*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 654,677,040 shares beneficially owned by First Cheer Holdings Limited.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 September 2016, 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. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are independent non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the six months ended 30 September 2016 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. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **CORPORATE GOVERNANCE PRACTICE**

During the six months ended 30 September 2016, the Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “CG Code”), save for the deviations discussed below:

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Cheng Ting Kong (chairman of the Board) was unable to attend the 2016 AGM due to unexpected engagement. Mr. Lui Man Wah (executive Director and chief executive officer of the Company) was appointed as the chairman of the 2016 AGM in replying to questions raised by shareholders at the 2016 AGM.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching and Mr. Lui Man Wah and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun.

By order of the Board  
**Sun International Resources Limited**  
**Cheng Ting Kong**  
*Chairman*

Hong Kong, 7 November 2016