



**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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 2017**

**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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of posting and on the designated website of this Company at <http://www.sun8029.com/>.*

## **FINANCIAL SUMMARY (UNAUDITED)**

- Turnover of the Group was approximately HK\$13,627,000 for the three months ended 30 June 2017, representing a decrease of approximately 35% from the corresponding period in the previous fiscal year.
- For the three months ended 30 June 2017, gross profit of the Group was approximately HK\$5,513,000 as compared to the gross profit of HK\$14,039,000 from the corresponding period in the previous fiscal year.
- Loss attributable to shareholders of the Group for the three months ended 30 June 2017 amounted to approximately HK\$16,280,000 as compared to loss of approximately HK\$30,112,000 from the corresponding period in the previous fiscal year.
- Total comprehensive loss attributable to shareholders of the Group for the three months ended 30 June 2017 amounted to approximately HK\$21,430,000 as compared to loss of approximately HK\$23,595,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2017 (2016: Nil).

## **CONSOLIDATED FIRST QUARTERLY RESULTS FOR 2017 (UNAUDITED)**

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Group for the three months ended 30 June 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months ended 30 June 2017*

|   |             | <b>For the three months<br/>ended 30 June</b> |              |
|---|-------------|---|--------------|
|   | <i>Note</i> | <b>2017</b>                                   | 2016         |
|   |             | <i>HK\$</i>                                   | <i>HK\$</i>  |
| Revenue   | 2           | <b>13,627,302</b>                             | 21,040,050   |
| Direct costs  |             | <b>(8,113,915)</b>                            | (7,000,585)  |
| <b>Gross Profit</b>   |             | <b>5,513,387</b>                              | 14,039,465   |
| Other operating income  |             | <b>9,421,557</b>                              | 1,919,176    |
| Administrative expenses   |             | <b>(26,319,522)</b>                           | (45,096,705) |
| Finance costs   | 3           | <b>(9,377,930)</b>                            | (3,237,734)  |
| Fair value change of biological asset                               |             | <b>1,770,106</b>                              | 2,369,697    |
| Share of losses of associates                                       |             | –   | (43,800)     |
| <b>Loss before taxation</b>   |             | <b>(18,992,402)</b>                           | (30,049,901) |
| Income tax expense  | 4           | <b>(50,684)</b>                               | (165,646)    |
| <b>Loss for the period</b>  |             | <b>(19,043,086)</b>                           | (30,215,547) |
| <b>Other comprehensive income/(loss):</b>                           |             |   |              |
| Currency translation differences                                    |             | <b>(2,387,336)</b>                            | 6,620,544    |
| <b>Total comprehensive loss for the period</b>                      |             | <b>(21,430,422)</b>                           | (23,595,003) |
| <b>Attributable to:</b>   |             |   |              |
| Equity holders of the Company                                       |             | <b>(16,280,392)</b>                           | (30,112,443) |
| Non-controlling interests   |             | <b>(2,762,694)</b>                            | (103,104)    |
|   |             | <b>(19,043,086)</b>                           | (30,215,547) |
| <b>Total comprehensive loss for the period<br/>attributable to:</b> |             |   |              |
| Equity holders of the Company                                       |             | <b>(18,667,728)</b>                           | (23,491,899) |
| Non-controlling interests   |             | <b>(2,762,694)</b>                            | (103,104)    |
|   |             | <b>(21,430,422)</b>                           | (23,595,003) |
| Dividend  | 5           | –   | –            |
| Earnings per share  | 6           |   |              |
| Basic (HK cents per share)  |             | <b>(1.2)</b>                                  | (2.2)        |
| Diluted (HK cents per share)  |             | <b>(1.2)</b>                                  | (2.2)        |

## CONDENSED CONSOLIDATION INTERIM STATEMENT OF CHANGES IN EQUITY

*For the year ended 30 June 2017*

|  | Attributable to equity holders of the Company |                    |                            |                |                      |                     |                        |                     | Non-Controlling Interest | Total               |
|--|---|--------------------|----------------------------|----------------|----------------------|---------------------|------------------------|---------------------|--------------------------|---------------------|
|  | Share Capital                                 | Share Premium      | Capital Redemption Reserve | Merger Deficit | Share Option Reserve | Translation Reserve | Retained Profit/(Loss) | Sub-total           |                          |                     |
|  | HK\$  | HK\$               | HK\$                       | HK\$           | HK\$                 | HK\$                | HK\$                   | HK\$                | HK\$                     | HK\$                |
| At 1 April 2016 (Audit)  | 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          |
| Loss for the period ended 30 June 2016                             | -   | -                  | -                          | -              | -                    | -                   | (30,112,443)           | (30,112,443)        | (103,104)                | (30,215,547)        |
| Other comprehensive income:  |   |                    |                            |                |                      |                     |                        |                     |                          |                     |
| Currency translation differences                                   | -   | -                  | -                          | -              | -                    | 6,620,544           | -                      | 6,620,544           | -                        | 6,620,544           |
| Total comprehensive income for the three months ended 30 June 2016 | -   | -                  | -                          | -              | -                    | 6,620,544           | (30,112,443)           | (23,491,899)        | (103,104)                | (23,595,003)        |
| At 30 June 2016  | <u>55,656,000</u>                             | <u>775,075,169</u> | <u>254,600</u>             | <u>369,866</u> | <u>46,554,612</u>    | <u>28,790,906</u>   | <u>(851,042,094)</u>   | <u>55,659,059</u>   | <u>3,133,645</u>         | <u>58,792,704</u>   |
| At 1 April 2017 (Audit)  | 55,656,000                                    | 775,075,169        | 254,600                    | 369,866        | 46,554,612           | 20,279,680          | (906,288,609)          | (8,098,682)         | 2,710,779                | (5,387,903)         |
| Loss for the period ended 30 June 2017                             | -   | -                  | -                          | -              | -                    | -                   | (16,280,392)           | (16,280,392)        | (2,762,694)              | (19,043,086)        |
| Other comprehensive income:  |   |                    |                            |                |                      |                     |                        |                     |                          |                     |
| Currency translation differences                                   | -   | -                  | -                          | -              | -                    | (2,387,336)         | -                      | (2,387,336)         | -                        | (2,387,336)         |
| Total comprehensive income for the three months ended 30 June 2017 | -   | -                  | -                          | -              | -                    | (2,387,336)         | (16,280,392)           | (18,667,728)        | (2,762,694)              | (21,430,422)        |
| At 30 June 2017  | <u>55,656,000</u>                             | <u>775,075,169</u> | <u>254,600</u>             | <u>369,866</u> | <u>46,554,612</u>    | <u>17,892,344</u>   | <u>(922,569,001)</u>   | <u>(26,766,410)</u> | <u>(51,915)</u>          | <u>(26,818,325)</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 issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 March 2017.

The unaudited consolidated results of the Group for the three months ended 30 June 2017 are unaudited but have been reviewed by the Company's Audit Committee.

## 2. REVENUE

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

|   | For the three months<br>ended 30 June |                   |
|---|---------------------------------------|-------------------|
|   | 2017                                  | 2016              |
|   | HK\$                                  | HK\$              |
| Financial services                      | 6,982,346                             | 9,974,776         |
| Equine services                         | 6,339,956                             | 5,935,274         |
| Computer software solution and services | 305,000                               | 5,130,000         |
|   | <u>13,627,302</u>                     | <u>21,040,050</u> |

## 3. FINANCE COSTS

|  | 2017             | 2016             |
|--|------------------|------------------|
|  | HK\$             | HK\$             |
| Finance costs comprised of the followings: |                  |                  |
| Interest on interest-bearing borrowing     | <u>9,377,930</u> | <u>3,237,734</u> |
|  | <u>9,377,930</u> | <u>3,237,734</u> |

## 4. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2016: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

|                         | For the three months<br>ended 30 June |                |
|-------------------------|---------------------------------------|----------------|
|                         | 2017                                  | 2016           |
|                         | HK\$                                  | HK\$           |
| Current income tax      |                                       |                |
| – Hong Kong profits tax | <u>50,684</u>                         | <u>165,646</u> |
|                         | <u>50,684</u>                         | <u>165,646</u> |

## 5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2017 (2016: Nil).

## 6. EARNINGS PER SHARE

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

|   | For the three months<br>ended 30 June |                      |
|---|---------------------------------------|----------------------|
|   | 2017                                  | 2016                 |
|   | HK\$                                  | HK\$                 |
| Profit attributable to equity holders of the Company<br>for the purpose of basic and diluted earnings per share | <u>(16,280,392)</u>                   | <u>(30,112,443)</u>  |
|   | Number of shares                      |                      |
|   | 2017                                  | 2016                 |
| Weighted average number of ordinary shares for the purpose of<br>basic earnings per share                       | <u>1,391,400,000</u>                  | <u>1,391,400,000</u> |
| Weighted average number of ordinary shares for the purposes of<br>diluted earnings per share                    | <u>1,391,400,000</u>                  | <u>1,391,400,000</u> |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

The Group recorded a turnover of approximately HK\$13,627,000 for the three months ended 30 June 2017, representing a decrease of 35% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to a decrease in revenue generated from computer service business and financial services business as compared with last fiscal year.

The direct costs were increased to approximately HK\$8,114,000 from approximately HK\$7,001,000 compared with the same period last year. The decrease in gross profit margin was mainly due to an increase in direct cost generated from equine services business as compared with last fiscal year.

Administrative expenses made a decrease of 42% to approximately HK\$26,320,000 compared to approximately HK\$45,097,000 in 2016. The decrease was mainly due to decrease in exchange loss generated from equine services business during the fiscal year.

The loss attributable to equity holders of the Company for the three months ended 30 June 2017 was approximately HK\$16,280,000, a decrease of HK\$13,832,000 or less than 46% as compared with the corresponding period in the last fiscal year. The loss figure was mainly due to a decrease in exchange loss for equine service business as compared with the corresponding period in 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 5.5% in 2017. 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 segments, the economic environment faced by the business units varied from one to another. Against this backdrop, the Group managed to reduce the loss attributable to shareholders to approximately HK\$16,280,000 for the three months ended 30 June 2017 as compared to approximately HK\$30,112,000 for the corresponding year ended 30 June 2016.

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. During the previous reporting period, the Group 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. Whilst the Group has successfully secured new interest-bearing borrowings of HK\$105,000,000 during the year ended 30 June 2017 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 18% of the Group's stallions and bloodstocks are located outside Australia.

The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. 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. 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 period ended 30 June 2017, 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 Shenzhen-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”) at the consideration of HK\$147,300,000 (subject to adjustment) (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. As at 30 June 2017, loan portfolio of the money lending business amounted to HK\$38 million, representing approximately 7% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 20% to 25% per annum.

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.

On 12 May 2017, the Company announced that it had entered into a non-legally binding Memorandum of Understanding (“MOU”) with Eminent Crest Holdings Limited, Peak Stand Holdings Limited and Sheen Light Holdings Limited (“the Vendors”) (which are all beneficially owned by Mr. Chau Cheok Wa and Mr. Cheng Ting Kong) to acquire Sun Finance Company Limited (“Target Company”). The Target Company is a licensed money lender. The consideration for the proposed acquisition would be determined after arm’s length negotiation and settled by way of cash and/or by promissory notes on completion.



## **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 after the launch of the Shenzhen-Hong Kong Stock Connect program. 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 June 2017, the Group's net liabilities increased to approximately HK\$26,818,000 from net assets of approximately HK\$5,388,000 as of 31 March 2017. The cash and bank balances as of 30 June 2017 was approximately HK\$40,789,000, representing a decrease of approximately 42% when compared with the balance as of 31 March 2017. During the three months ended 30 June 2017, the Group's operation was mainly financed by increase in interest-bearing borrowings.

## **Charges on Group Assets**

As of 30 June 2017, no plant and equipment of the Group was held under finance lease (2016: Nil).

## **Contingent Liabilities**

As of 30 June 2017, the Group had no contingent liabilities.

## **Foreign Exchange Exposure**

The income and expenditure of the Group were denominated in Hong Kong Dollars, Renminbi 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 75 as of 30 June 2017 (2016: 87), and the total remuneration for the three months ended 30 June 2017 was approximately HK\$7,523,000 (2016: HK\$8,464,000). 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 of 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (1) Long positions in the shares of the Company

*Ordinary share of HK\$0.04 each of the Company*

| Name of Director    | Nature of interests       | Number of ordinary shares held | Capacity                             | Percentage of issued shares |
|---------------------|---------------------------|--------------------------------|--------------------------------------|-----------------------------|
| Mr. Cheng Ting Kong | Corporate ( <i>Note</i> ) | 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 Cheek Wa, 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 June 2017 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<br>HK\$ | Exercise period<br>from                      until |            | Number of options outstanding as at 30 June 2017 |
|---------------------|---------------|-------------------------|---------------------------|---------------------|---|--|------------|--|
| Mr. Cheng Ting Kong | 25/11/2010    | 1,251,250               | -                         | -                   | 1.120                                   | 25/11/2010   | 24/11/2020 | 1,251,250  |
| Ms. Cheng Mei Ching | 09/02/2010    | 11,492,308              | -                         | -                   | 0.650                                   | 09/02/2010   | 08/02/2020 | 11,492,308                                       |
|                     | 25/11/2010    | 12,581,250              | -                         | -                   | 1.120                                   | 25/11/2010   | 24/11/2020 | 12,581,250                                       |
|                     | 10/09/2014    | 1,391,400               | -                         | -                   | 0.315                                   | 10/09/2014   | 09/09/2024 | 1,391,400  |
| Mr. Lui Man Wah     | 10/09/2014    | 13,914,000              | -                         | -                   | 0.315                                   | 10/09/2014   | 09/09/2024 | 13,914,000                                       |

Save as disclosed above, during the three months ended 30 June 2017, 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 three months ended 30 June 2017, 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 three months ended 30 June 2017. Following the expiry of the 2006 Share Option Scheme on 4 December 2016, no further share option can be granted, but the provisions of the 2006 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2006 Share Option Scheme.

As of 30 June 2017, details of share options outstanding were as follows:

| Date of grant | Number of share options |                            |                    | Exercised period of share options | Exercise price of share options<br>HK\$ |
|---------------|-------------------------|----------------------------|--------------------|-----------------------------------|---|
|               | At 1 April 2017         | Exercise during the period | At 30 June 2017    |                                   |   |
| 13/08/2007    | 24,112,728              | –                          | 24,112,728         | 13/08/2007 to 12/08/2017          | 0.550                                   |
| 17/08/2007    | 13,292,308              | –                          | 13,292,308         | 17/08/2007 to 16/08/2017          | 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 Company, its holding companies or any of its subsidiaries 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' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 30 June 2017, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

### Long positions in the shares of the Company

*Ordinary share of HK\$0.04 each of the Company*

| Name of Shareholders                           | Nature of interests | Number of ordinary shares held | Capacity                             | Percentage of issued shares |
|--|---------------------|--------------------------------|--------------------------------------|-----------------------------|
| First Cheer Holdings Limited ( <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 Cheek 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 June 2017, 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 three months ended 30 June 2017 were reviewed by the Audit Committee.

### **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**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the three months ended 30 June 2017.

## **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 August 2017