THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun International Resources Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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)

(1) PROPOSED OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; (2) APPLICATION FOR WHITEWASH WAIVER; AND (3) PROPOSED SHARE CONSOLIDATION

Independent Financial Adviser
to the Independent Board Committee and
the Independent Shareholders

INCU Corporate Finance Limited

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company is set out on pages 37 to 56 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 35 to 36 of this circular.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Open Offer will not proceed.

A notice convening the EGM to be held at Units 2412–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 4:00 p.m. on 13 January 2014 is set out on pages 157 to 160 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrars of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

23 December 2013

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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.

CONTENTS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Announcement"	the announcement of the Company dated 28 October 2013 in relation to, among other matters, the proposed Open Offer, the Whitewash Waiver and the proposed Share Consolidation
"Application Form(s)"	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
"Articles"	the articles of association of the Company, as amended from time to time
"associates"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chairman"	the chairman of the Board
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Sun International Resources Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"connected person"	has the meaning ascribed thereto under the GEM Listing Rules
"Consolidated Shares"	consolidated ordinary share(s) of HK$0.08 each in the issued and unissued share capital of the Company after the Share Consolidation becoming effective

"Controlling Shareholder"	has the same meaning ascribed to it under the GEM Listing Rules
"Convertible Bonds" or "Convertible Notes"	convertible bonds in the outstanding principal amount of RMB33,000,000 carrying rights to convert into 22,509,783 conversion Shares, which has been repaid on 9 December 2013
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at Units 2412–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on 13 January 2014 at 4:00 p.m. and convened to consider and, if thought fit, approve the Open Offer including the absence of excess application arrangement under the Open Offer, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders, and the Share Consolidation by the Shareholders
"Executive"	Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
"First Cheer" or "Underwriter"	First Cheer Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Cheng, an executive Director and the Chairman, and as to 50% by Mr. Chau
"First Cheer Undertaking"	the irrevocable undertaking given by First Cheer pursuant to the Underwriting Agreement
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	an independent board committee comprising all the independent non-executive Directors, namely Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang, established to advise the Independent Shareholders regarding to the Open Offer, the Underwriting Agreement and the Whitewash Waiver
"Independent Financial Adviser" or "INCU"	INCU Corporate Finance Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and are in the interests of the Independent Shareholders and advise the Independent Shareholders as to how to vote at the EGM
"Independent Shareholders"	Shareholders other than Mr. Cheng, Mr. Chau, First Cheer, parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the GEM Listing Rules and/or the Takeovers Code to abstain from voting in respect of the resolution(s) relating to the Open Offer, the Underwriting Agreement and the Whitewash Waiver to approve the resolutions at the EGM
"Independent Third Party"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
"Last Trading Date"	11 October 2013, being the last trading day of the Shares prior to the release of the Announcement
"Latest Lodging Date"	4:30 p.m. on Thursday, 16 January 2014 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares and/or exercising Share Options in order to be qualified for the Open Offer
"Latest Practicable Date"	20 December 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular

"Latest Time for Acceptance"	4:00 p.m. on Thursday, 6 February 2014 or such other date and/or time as the Underwriter and the Company may agree in writing as the latest date for acceptance and payment of the Offer Shares
"Latest Time for Termination"	4:00 p.m. on Tuesday, 11 February 2014 or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Mr. Chau"	Mr. Chau Cheok Wa
"Mr. Cheng"	Mr. Cheng Ting Kong, an executive Director and chairman of the Board
"Offer Share(s)"	not less than 463,800,000 Shares and not more than 590,554,891 Shares to be allotted and issued pursuant to Open Offer
"Open Offer"	the proposed issue of Offer Shares on the basis of one (1) Offer Share for every two (2) Shares to Qualifying Shareholders by way of rights or to holders of Offer Shares at the Subscription Price, pursuant to the terms and conditions of the Underwriting Agreement
"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
"Overseas Shareholders(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is(are) outside Hong Kong
"PRC"	the People's Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prohibited Shareholders"	such Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares

"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus and the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
"Prospectus Posting Date"	Tuesday, 21 January 2014 or such later date as the Underwriter may agree in writing with the Company
"Qualifying Shareholder(s)"	Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	Monday, 20 January 2014, the record date of which entitlements to the Open Offer will be determined
"Registrar"	Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, being the Company's Hong Kong branch share registrar
"Relevant Period"	the period beginning six months immediately prior to the date of the publication of the Announcement and ending on the Latest Practicable Date
"SFC"	The Securities and Futures Commission in Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.04 each in the issued share capital of the Company
"Share Consolidation"	the proposed consolidation of every two (2) Shares of HK$0.04 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK$0.08 each in the issued and unissued share capital of the Company
"Share Option(s)"	the share option(s) granted under the Share Option Scheme
"Share Option Scheme"	the share option scheme adopted by the Company
"Shareholder(s)"	holder(s) of the issued Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Price"	subscription price of HK$0.10 per Offer Share
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Underwriting Agreement"	the underwriting agreement dated 11 October 2013 entered into among the Company and the Underwriter in relation to the Open Offer
"Underwritten Shares"	not less than 327,972,500 Offer Shares and not more than 454,727,391 Offer Shares underwritten by First Cheer as the Underwriter under the Underwriting Agreement
"Whitewash Waiver"	the whitewash waiver from the obligation of the Underwriter and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the underwriting of the Offer Shares under the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	Per cent.

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Despatch of this circular with notice of EGM	Monday, 23 December 2013
Latest time for lodging forms of proxy for the purpose of the EGM	4:00 p.m. on Saturday, 11 January 2014
EGM	4:00 p.m. on Monday, 13 January 2014
Announcement of results of EGM to be published on the Stock Exchange website	Monday, 13 January 2014
Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 14 January 2014
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 15 January 2014
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Thursday, 16 January 2014
Register of members of the Company closed (both dates inclusive)	Friday, 17 January 2014 to Monday, 20 January 2014 (both dates inclusive)
Record Date	Monday, 20 January 2014
Register of members of the Company re-opens	Tuesday, 21 January 2014
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus only)	Tuesday, 21 January 2014
Latest time for acceptance of, and payment of Offer Shares	4:00 p.m. on Thursday, 6 February 2014
Latest time for the Open Offer to become unconditional (being the Latest Time for Termination)	4:00 p.m. on Tuesday, 11 February 2014
Announcement of results of acceptance of the Offer Shares to be published on the Stock Exchange	Wednesday, 12 February 2014

Despatch of share certificates for Offer Shares	Thursday, 13 February 2014
Dealings in Offer Shares commence	9:00 a.m. on Friday, 14 February 2014
Effective date of the Share Consolidation	Friday, 14 February 2014
Dealings in Consolidated Shares commence	9:00 a.m. on Friday, 14 February 2014
Original counter for trading in the Shares in board lots of 5,000 Shares (in the form of existing share certificates in brown) temporarily closes	9:00 a.m. on Friday, 14 February 2014
Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates in brown) opens	9:00 a.m. on Friday, 14 February 2014
First day of free exchange of existing share certificates in brown for new share certificates in yellow for the Consolidated Shares	Friday, 14 February 2014
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates in yellow) re-opens	9:00 a.m. on Friday, 28 February 2014
Parallel trading in the Consolidated Shares (in the form of new share certificates in yellow and existing share certificates in brown) commences	9:00 a.m. on Friday, 28 February 2014
Designed broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 28 February 2014
Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates in brown) ends	4:00 p.m. on Thursday, 20 March 2014
Parallel trading in the Consolidated Shares (in the form of new share certificates in yellow and existing share certificates in brown) ends	4:00 p.m. on Thursday, 20 March 2014

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . 4:00 p.m. on Thursday, 20 March 2014

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . 4:00 p.m. on Monday, 24 March 2014

Note: All references to time in this circular are references to Hong Kong time.

EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning:

i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 6 February 2014. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day;

ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 6 February 2014. Instead the Latest Time of Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 6 February 2014, the dates mentioned in the "Expected timetable" section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time, prior to the Latest Time for Termination:

(1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

(5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

the Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

(a) any material breach of any of the warranties or undertakings under the Underwriting Agreement; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement comes and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

The following information is derived from, and should be read in conjunction with, the full text of this circular.

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date
Number of Shares in issue:	927,600,000 Shares
Number of outstanding Share Options:	231,000,000 Share Options entitle the holders to subscribe for an aggregate of 231,000,000 Shares as at the date of the Announcement
Outstanding principal amount of Convertible Bonds:	RMB33,000,000 carrying rights to convert into an aggregate of 22,509,783 Conversion Shares as at the date of the Announcement. The Convertible Bonds matured on 9 December 2013 and all the outstanding principal amount of the Convertible Bonds was repaid on 9 December 2013. No conversion rights attached to the Convertible Bonds were exercised by any holder(s) of the Convertible Bonds before maturity
Number of Offer Shares:	not less than 463,800,000 Offer Shares and not more than 590,554,891 Offer Shares The aggregate nominal value of the Offer Shares will be not less than HK$18,552,000.00 and not more than HK$23,622,195.64
Number of Offer Shares undertaken to be taken up by First Cheer:	Pursuant to the Underwriting Agreement, First Cheer has given the irrevocable First Cheer Undertaking in favour of the Company that, among others, (i) the 271,655,000 Shares registered in the name of and beneficially owned by First Cheer will remain registered in the name of and beneficially owned by First Cheer before the date when the announcement of the results of the Open Offer is published; (ii) First Cheer will accept its entitlements under the Open Offer for an aggregate of 135,827,500 Offer Shares; and (iii) First Cheer will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance
Number of Offer Shares underwritten by First Cheer:	Not less than 327,972,500 Offer Shares and not more than 454,727,391 Offer Shares, being the total number of the Offer Shares less the number of the Offer Shares to be taken up by First Cheer. The Open Offer (other than the Offer Shares undertaken to be taken up by First Cheer under the First Cheer Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

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)

Executive Directors:
Mr. CHENG Ting Kong *(Chairman)*
Ms. CHENG Mei Ching
Mr. LEE Chi Shing, Caesar
Mr. LO Kai Bong
Mr. LUI Man Wah

Independent non-executive Directors:
Mr. CHAN Tin Lup, Trevor
Mr. TOU Kin Chuen
Mr. WANG Zhigang

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
George Town
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 2412–2418, 24/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

23 December 2013

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; (2) APPLICATION FOR WHITEWASH WAIVER; AND (3) PROPOSED SHARE CONSOLIDATION

INTRODUCTION

Reference is made to the Announcement of the Company dated 28 October 2013 in relation to, among other matters, the Open Offer, the Whitewash Waiver and the Share Consolidation.

The purpose of this circular is to provide you with further details regarding the Open Offer, the Whitewash Waiver and the Share Consolidation, including, amongst others, (i) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver, together with (iii) a notice convening the EGM.

PROPOSED OPEN OFFER

The Board proposes to raise not less than approximately HK$46.4 million before expenses by issuing not less than 463,800,000 Offer Shares and not more than 590,554,891 Offer Shares at the Subscription Price of HK$0.10 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date.

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date
Number of Shares in issue:	927,600,000 Shares as at the date of the Announcement
Number of outstanding Share Options:	231,000,000 Share Options entitle the holders to subscribe for an aggregate of 231,000,000 Shares as at the date of the Announcement.
Outstanding principal amount of Convertible Bonds	RMB33,000,000 carrying rights to convert into an aggregate of 22,509,783 Conversion Shares as at the date of the Announcement. The Convertible Bonds matured on 9 December 2013 and all the outstanding principal amount of the Convertible Bonds was repaid on 9 December 2013. No conversion rights attached to the Convertible Bonds were exercised by any holder(s) of the Convertible Bonds before maturity
Number of Offer Shares:	not less than 463,800,000 Offer Shares and not more than 590,554,891 Offer Shares The aggregate nominal value of the Offer Shares will be not less than HK$18,552,000.00 and not more than HK$23,622,195.64

Number of Offer Shares undertaken to be taken up by First Cheer:	Pursuant to the Underwriting Agreement, First Cheer has given the irrevocable First Cheer Undertaking in favour of the Company that, among others, (i) the 271,655,000 Shares registered in the name of and beneficially owned by First Cheer will remain registered in the name of and beneficially owned by First Cheer before the date when the announcement of the results of the Open Offer is published; (ii) First Cheer will accept its entitlements under the Open Offer for an aggregate of 135,827,500 Offer Shares; and (iii) First Cheer will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance
Number of Offer Shares underwritten by the First Cheer:	Not less than 327,972,500 Offer Shares and not more than 454,727,391 Offer Shares, being the total number of the Offer Shares less the number of the Offer Shares to be taken up by First Cheer. The Open Offer (other than the Offer Shares undertaken to be taken up by First Cheer under the First Cheer Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

As at the Latest Practicable Date, the Company has 231,000,000 outstanding Share Options which entitle holders thereof to subscribe for 231,000,000 Shares. Save as disclosed above, the Company does not have any other outstanding securities in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue any new Shares and any other securities before the completion of the Open Offer.

As at the Latest Practicable Date, the Company has not received any notice from the holders of the Share Options of their intention to exercise any Share Options.

Subscription price

The Subscription Price for the Offer Shares is HK$0.10 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer. The net Subscription Price per Offer Share (after deducting the relevant expenses and assuming no Shares have been issued pursuant to the exercise of Share Options) will be approximately HK$0.097.

The Subscription Price represents:

(i) a discount of approximately 68.75% to the closing price of HK$0.32 per Share as quoted on the Stock Exchange on 11 October 2013, being the Last Trading Date;

(ii) a discount of approximately 59.51% to the theoretical ex-entitlements price of approximately HK$0.247 per Share based on the closing price of HK$0.32 per Share as quoted on the Stock Exchange on the Last Trading Date;

(iii) a discount of approximately 69.04% to the average closing price of approximately HK$0.323 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;

(iv) a discount of approximately 71.35% to the average closing price of approximately HK$0.349 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date; and

(v) a discount of approximately 89.62% to the audited net asset value per Share of approximately HK$0.963 as at 31 March 2013 based on the latest audited consolidated net asset value attributable to equity holders of the Group as at 31 March 2013 and the number Shares in issue as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the working capital requirements of the Company. In view of the working capital requirements of the Group and taking into consideration of the theoretical price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors after taking into consideration of the advice of independent financial adviser) consider that the proposed discount of the Subscription Price is appropriate and falls within the market range. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The proposed discount of the Subscription Price will encourage more Qualifying Shareholders to participate in the Open Offer. Based on the above, the Directors (including the independent non-executive Directors after taking into consideration of the advice of independent financial adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

(a) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the lack of excess application arrangement in the Open Offer and the Whitewash Waiver by no later than the date on which the Prospectus is despatched;

(b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise incompliance with the GEM Listing Rules and the Companies Ordinance not later than the date on which the Prospectus is despatched;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders of the Company and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders as defined in the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus is despatched;

(d) the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(e) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the date on which the Prospectus is despatched;

(f) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and

(g) compliance with and performance of all the undertakings and obligations of the First Cheer under the terms of the Underwriting Agreement and the First Cheer Undertaking.

The above conditions are incapable of being waived. If any of the conditions of the Open Offer are not fulfilled at or before 4:00 p.m. on Tuesday, 11 February 2014 (or such later time and/or date as the Company and First Cheer may determine), neither the Company nor the Underwriter shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Status of the Open Offer

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus with the Overseas Letter, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must not be a Prohibited Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on the Latest Lodging Date. Holders of Share Options who wish to participate in the Open Offer should exercise their Share Options in accordance with their respective terms no later than the Latest Lodging Date.

Closure of register of members

The Company's register of members will be closed from Friday, 17 January 2014 to Monday, 20 January 2014, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders and Prohibited Shareholders

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 17.41 of the GEM Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Company will disclose the results of the enquiry in the circular and/or the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders. As at the Latest Practicable Date, there are no Prohibited Shareholders.

The Prohibited Shareholders will be entitled to vote at the EGM to consider and, if thought fit, for the resolution(s) approving, among other things, the Whitewash Waiver.

Fractional entitlement to the Offer Shares

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Board holds the view that assuming that there does not exist any Prohibited Shareholder on the Record Date and all Qualifying Shareholders take up their entitlements, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group.

Taking into account that:

(i) the terms of the Open Offer are structured with an intention to encourage the Qualifying Shareholders, including the minority Shareholders to take up their respective assured entitlement of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares to enhance the attractiveness and provides reasonable incentive for the Qualifying Shareholders to participate in the Open Offer;

(ii) the Open Offer are offered equally to all Qualifying Shareholders with an equal opportunity to maintain their pro rata shareholding in the Company, the Qualifying Shareholders who choose to accept their respective entitlements under the Open Offer in full can maintain their respective existing shareholdings in the Company after the Open Offer;

(iii) the related administrative costs would be lowered (which are estimated to be lowered by more than HK$250,000) in the absence of excess applications; given that the Offer Price is set at a level to attract Shareholders' subscription and the offer size is relatively small, it will not be justified to incur additional administrative costs for the excess application arrangement;

(iv) the Underwriter does not charge any commission for the Offer Shares taken up by it; and

(v) the absence of the excess application arrangement and the underwriting arrangement under the Open Offer are subject to approval by the Independent Shareholders at the EGM,

the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders and to have the unsubscribed Offer Shares taken up by the Underwriter.

Share Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Thursday, 13 February 2014 by ordinary post at their own risk.

Application for listing of the Offer Shares on the Stock Exchange

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 5,000 Shares per board lot.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares may be settled through CCASS. You should seek advice of your stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

Reasons for the Open Offer and the use of proceeds

The Company is an investment holding company. The Group is principally engaged in provision of computer hardware and software services, hotel operation and management services, mining iron ores and minerals.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company will receive gross proceeds of approximately HK$46.4 million. The net proceeds under the Open Offer are expected to amount to approximately HK$45.2 million (after deducting the costs and expenses in relation to the Open Offer and assuming no Shares have been issued pursuant to the exercise of Share Options). The Company intends to use the net proceeds as general working capital of the Group for our existing business including the new equine business, such as the purchase of bloodstock for trading purpose and the research for building racehorse training facilities for potential future development.

The estimated cash outflow of the Group includes the following major items:

(a) cash outflow for the hotel and IT business of the Group (including, but not limited to, payment to suppliers, the purchase of computer hardware for trading purpose, the purchase of food and beverage and consumables for the Group's hotel business and the salary of the relevant staff); and

(b) the administrative expenses of the Group (including the salary of directors and the employees of the Group companies, the travelling expenses, the administrative expenses for the new equine business and other legal and professional expenses).

The Board has considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company. Considering (i) the low trading volume of the Shares and (ii) the low monetary value per board lot, the Board is of the opinion that the trading of nil paid rights will either incur a high transaction cost for trading of small board of Shares, which is not economical, or not be active enough for the trading of a large board of Shares.

Furthermore, compared to rights issue, the absence of trading nil paid rights in the Open Offer reduces associated administrative work and costs thus requiring less time for completion.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

UNDERWRITING ARRANGEMENTS

First Cheer Undertaking

Pursuant to the Underwriting Agreement, First Cheer has given the irrevocable First Cheer Undertaking in favour of the Company that (i) the 271,655,000 Shares registered in the name of and beneficially owned by First Cheer will remain registered in the name of and beneficially owned by First Cheer before the date when the announcement of the results of the Open Offer is published; (ii) First Cheer will accept its entitlements under the Open Offer for an aggregate of 135,827,500 Offer Shares; and (iii) First Cheer will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for the First Cheer Undertaking as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Underwriting Agreement

Date:	11 October 2013
Underwriter:	First Cheer First Cheer is a limited liability company incorporated in the British Virgin Islands which is owned as to 50% by Mr. Cheng Ting Kong, an executive Director and the chairman of the Board and as to 50% by Mr. Chau Cheok Wa. First Cheer is principally engaged in investment holding and its ordinary course of business does not include underwriting. First Cheer holds 271,655,000 Shares as at the date of the Announcement, representing approximately 29.29% of the issued share capital of the Company.
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, First Cheer as the underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up under the First Cheer Undertaking) which have not been taken up by the Shareholders. Accordingly, the Open Offer is fully underwritten.
Commission and expenses:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement. The Company shall pay and reimburse to the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time, prior to the Latest Time for Termination:

(1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

  (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

  (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

(5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

the Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

(a) any material breach of any of the warranties or undertakings under the Underwriting Agreement; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement comes and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect.

The Underwriting Agreement contains warranties and undertakings which are usual to an underwriting agreement for an open offer and include, among others, the following:

(1) the announcement, the circular and the Prospectus Documents in respect of the Open Offer are true and accurate without material omission and contain all particulars and information required by, and will be in accordance with the Companies Ordinance, the GEM Listing Rules, the rules and regulations of the Stock Exchange and all other relevant statutory provisions and governmental regulations in Hong Kong and the Cayman Islands;

(2) there will be no information not disclosed in the Prospectus Documents (a) the omission of which makes any statement therein misleading or which, in the context of the issue of the Offer Shares, might be material for disclosure therein or (b) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Offer Shares;

(3) the audited consolidated accounts of the Group for the year ended 31 March 2013 give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Group and there has been no material adverse change in the financial or trading position of the Group since 31 March 2013;

(4) the statements, forecasts, estimates and expressions of opinion, intention and expectation to be contained in the announcement, the circular or the Prospectus in respect of the Open Offer will at the respective dates of issue thereof be made after due and proper consideration, will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known or which on reasonable enquiry ought to have been known to the Company and/or the Directors or any of them;

(5) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;

(6) the Company shall not from the date of the Announcement until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares;

(7) the Offer Shares, when allotted and issued, will be issued free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and will rank pari passu in all respects among themselves and with the Shares then in issue on the date of allotment and issue of the Offer Shares;

(8) the obligations of the Company under the Underwriting Agreement constitute legally valid and binding obligations of the Company enforceable in accordance with the terms therein;

(9) save for the Share Options the Company in issue as at the date thereof, there are no outstanding warrants or share options or securities or derivatives that are convertible or exchangeable into Shares or confer any right to subscribe for Shares as at the date thereof; and

(10) the Company will promptly provide the Underwriter, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group as may be required by the Underwriter in connection with the Open Offer for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the Securities and Futures Commission or any other applicable regulatory body.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

Shareholders should note that Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 15 January 2014 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled, will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer (for illustration purpose only):

	As at the Latest Practicable Date		Immediately after the completion of the Open Offer assuming that all Shareholders have fully subscribed for their entitlements under the Open Offer		Immediately after the completion of the Open Offer assuming that no Shareholders subscribed for their entitlements under the Open Offer except for First Cheer and no Share Options have been exercised		Immediately after the completion of the Open Offer assuming that no Shareholders subscribed for their entitlements under the Open Offer except for First Cheer and all Share Options have been exercised	
Mr. Cheng, Mr. Chau, First Cheer and parties acting in concert with any of them								
First Cheer	271,655,000	29.29%	407,482,500	29.29%	735,455,000	52.86%	850,955,000	48.97%
Mr. Chau	0	0.00%	0	0.00%	0	0.00%	910,000	0.05%
Mr. Cheng	0	0.00%	0	0.00%	0	0.00%	910,000	0.05%
Sub-total:	271,655,000	29.29%	407,482,500	29.29%	735,455,000	52.86%	852,775,000	49.07%
Directors (other than Mr. Cheng):								
Lo Kai Bong	6,640,000	0.72%	9,960,000	0.72%	6,640,000	0.48%	6,640,000	0.38%
Lee Chi Shing Caesar	500,000	0.05%	750,000	0.05%	500,000	0.03%	26,330,000	1,52%
Cheng Mei Ching	0	0.00%	0	0.00%	0	0.00%	17,450,000	1.00%
Sub-total:	7,140,000	0.77%	10,710,000	0.77%	7,140,000	0.51%	50,420,000	2.90%
Public Shareholders								
Public Shareholders	648,805,000	69.94%	973,207,500	69.94%	648,805,000	46.63%	834,705,000	48.03%
Total:	927,600,000	100.00%	1,391,400,000	100.00%	1,391,400,000	100.00%	1,737,900,000	100.00%

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS

As at the Latest Practicable Date, the Company has 231,000,000 outstanding Share Options which entitle holders thereof to subscribe for 231,000,000 Shares.

Subject to the confirmation of the auditors of the Company, the issue of the Offer Shares may cause adjustments to the exercise price and number of the Share Options. The Company will instruct its auditors to review and certify the basis of such adjustments as soon as possible. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

PREVIOUS FUNDS RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

On 12 March 2013, after trading hours, the Company entered into a placing and subscription agreement with a placing agent and a substantial shareholder pursuant to which the placing agent has agreed to place, on a best effort basis, certain number of Shares. Such placing and subscription agreement was terminated on 13 March 2013.

Save as disclosed above, the Company has not conducted any other fund raising activities in the past twelve months before the date of the Announcement.

WHITEWASH WAIVER

As at the date of the Announcement, the Underwriter, together with its beneficial owners (namely Mr. Cheng Ting Kong and Mr. Chau Cheuk Wa) and parties acting in concert with any one of them are beneficially interested in 271,655,000 Shares and 1,820,000 Share Options in total.

Assuming that no Shareholders have taken up any Offer Shares and there has been no exercise of the Share Options, upon completion of the Open Offer, the taking up of (i) the Offer Shares to which First Cheer is entitled under the Open Offer, and (ii) the Underwritten Shares would result in the aggregate shareholding of the Underwriter and its concert parties in the Company being increased from approximately 29.29% to approximately 52.86% and would therefore give rise to a mandatory offer obligation on the part of the Underwriter and its concert parties under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

Save for the Underwriting Agreement, Mr. Cheng, Mr. Chau, the Underwriter and the parties acting in concert with any one of them have not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company in the six months prior to the date of the Announcement.

As at the date of the Announcement and the Latest Practicable Date, other than (i) 271,655,000 Shares and the 1,820,000 Share Options beneficially owned by the Underwriter, its beneficial owners and parties acting in concert with any one of them and (ii) the transactions contemplated under the Underwriting Agreement, the Underwriter, its beneficial owners and parties acting in concert with any one of them do not hold any other shareholding interests, or control the right of direction or hold any convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company.

An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which the Underwriter, its beneficial owners and the parties acting in concert with any one of them will abstain from voting on the relevant resolution(s). It is a condition precedent to the completion of the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

The Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser) believe that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Open Offer, the Underwriters and parties acting in concert with any of them will hold more than 50% of the voting rights in the Company. Hence, the Underwriters and persons acting in concert with any of them may increase their holding of voting rights in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

INFORMATION ON THE UNDERWRITER

As at the Latest Practicable Date, the board of the Underwriter comprised Mr. Cheng Ting Kong, an executive Director and the chairman of the Board, and Mr. Chau Cheok Wa. The Underwriter is owned as to 50% by Mr. Cheng and as to 50% by Mr. Chau.

As at the Latest Practicable Date, save for the Underwriting Agreement, the Underwriter, its beneficial owners and the parties acting in concert with any of them had not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company during the Relevant Period.

As at the Latest Practicable Date:

(i) the Underwriter held 271,655,000 Shares;

(ii) Mr. Cheng and Mr. Chau were deemed to be interested in the 271,655,000 Shares held by the Underwriter; and

(iii) each of Mr. Cheng and Mr. Chau held 910,000 Share Options which entitle each of Mr. Cheng and Mr. Chau to subscribe for 910,000 Shares.

INTENTION OF THE UNDERWRITER

The Underwriter considers and confirms that:

(i) the Group will continue with its existing business following the completion of the Open Offer;

(ii) the Open Offer is in the interests of the Group in the long run as the Group requires funding as its general working capital; and

(iii) it has no intention to introduce any major changes to the existing business of the Group, including the continued employment of the Group's employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business.

The Board considers that the Underwriter's intentions in respect of the Group and its employees will maintain the continuity of the business of the Group and are therefore in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The absence of excess application arrangement for the disposal of the Offer Shares not taken up under the Open Offer shall be specifically approved by the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 10.42(2) of the GEM Listing Rules.

As First Cheer, being the Underwriter to the Open Offer, is deemed to have a material interest in the Open Offer, Mr. Cheng, Mr. Chau, First Cheer and their respective concert parties and those who are involved in or interested in the Open Offer, the Underwriting Agreement and the Whitewash Waiver will abstain from voting on the respective resolutions at the EGM for approving the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the Underwriting Agreement, the Whitewash Waiver and the absence of excess application arrangement under the Open Offer. The voting at the EGM will be taken by way of poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang, has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver.

INDEPENDENT FINANCIAL ADVISER

INCU Corporate Finance Limited has been appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver. Such appointment has been approved by Independent Board Committee.

PROPOSED SHARE CONSOLIDATION

Proposed Share Consolidation

The Board proposes that conditional upon and immediately after completion of the Open Offer, the Company will implement the Share Consolidation on the basis that every two issued and unissued Shares will be consolidated into one Consolidated Share.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK$120,000,000 divided into 3,000,000,000 Shares, of which 927,600,000 Shares had been allotted and issued as fully paid or credited as fully paid. Assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the date of completion of the Open Offer save for the 463,800,000 Offer Shares to be issued under the Open Offer, upon completion of the Open Offer, the total number of Shares in issue will be enlarged to 1,391,400,000 Shares.

Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto save for the aforesaid 463,800,000 Offer Shares, the authorised share capital of the Company shall become HK$120,000,000 divided into 1,500,000,000 Consolidated Shares, of which 695,700,000 Consolidated Shares of HK$0.08 each will be in issue.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company’s memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing and Dealings

An application has been be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Share on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

It is proposed that following the Share Consolidation, the Consolidated Shares will continue to be traded in board lots of 5,000 Consolidated Shares. Based on the theoretical ex-entitlement price of approximately HK$0.247 per Share (equivalent to approximately HK$0.494 per Consolidated Share) as at the Last Trading Day, the value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be approximately HK$2,470.

No part of the securities of the Company is listed or dealt in or of which listing or permission to deal is being or is proposed to be sought, on any other stock exchange.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

(i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM;

(ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and

(iii) completion of the Open Offer.

Reasons for the Share Consolidation

It is expected that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole.

Trading arrangements

Upon the Share Consolidation becoming effective, the trading arrangements proposed for dealings in Consolidated Shares are set out as follows:

(i) with effect from 9:00 a.m. on Friday, 14 February 2014, the original counter for trading in Shares in board lots of 5,000 Shares will close temporarily. A temporary counter for trading in Consolidated Shares in the form of existing brown share certificates in board lots of 2,500 Consolidated Shares will be established; every two Shares in the form of existing brown share certificates will be deemed to represent one Consolidated Share. The existing brown share certificates for Shares can only be traded at this temporary counter;

(ii) with effect from 9:00 a.m. on Friday, 28 February 2014, the original counter will re-open for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares. Only new yellow share certificates for the Consolidated Shares can be traded at this counter;

(iii) with effect from 9:00 a.m. on Friday, 28 February 2014 to 4:00 p.m. on Thursday, 20 March 2014 (both dates inclusive), there will be parallel trading at the counters mentioned in (i) and (ii) above; and

(iv) the temporary counter for trading in Consolidated Shares in the form of the existing brown share certificates in board lots of 2,500 Consolidated Shares will be removed after the close of trading on Thursday, 20 March 2014. Thereafter, trading will only be in Consolidated Shares in the form of new yellow share certificates in board lots of 5,000 Consolidated Shares and the existing brown share certificates for Shares will cease to be acceptable for trading and settlement purposes.

Shareholders are recommended to consult their licensed securities dealers, bank mangers, solicitors, professional accountants or other professional advisers, if they are in any doubt about the arrangements described above.

Odd lot arrangements and fractional Consolidated Shares

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint as agent, Sun International Security Ltd, to stand in the market to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from Friday, 28 February to Thursday, 20 March 2014 (both dates inclusive). Holders of odd lots of Consolidated Shares who wish to take advantage of this arrangement either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Mr. Billy Mak of Sun International Securities Ltd by phone at 2869 3398 during this period. Holders of odd lots of Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares would be made on a best effort basis but would not be guaranteed. Any Shareholder who is in doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Fractional entitlements of Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of Shares regardless of the number of share certificates held by such holder.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be at 9:00 a.m. on Friday, 14 February 2014, Shareholders may, on or after Friday, 14 February 2014 until Monday, 24 March 2014 (both days inclusive) submit share certificates for existing Shares to the Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of two existing Shares for one Consolidated Share). Thereafter, the share certificates for existing Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled (whichever is higher) payable by the Shareholders to the Hong Kong branch share registrar of the Company.

The new certificates for the Consolidated Shares will be yellow in colour in order to distinguish them from the existing certificates for the Shares which are brown in colour.

EGM

A notice convening the EGM at Units 2412–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on 13 January 2014 at 4:00 p.m. is set out on pages 157 to 160 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting thereof (as the case may be) should you so desire.

In accordance with the Takeovers Code and the GEM Listing Rules, the Underwriter and the parties acting in concert with it and their respective associates (as defined under the GEM Listing Rules) and those who are involved in and/or interested in the Open Offer, the Underwriting Agreement and the Whitewash Waiver will abstain from voting on the relevant resolutions in respect of the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

Resolutions will be proposed as ordinary resolutions to consider and, if thought fit, to approve (i) the Open Offer (including the absence of excess application arrangement under the Open Offer); (ii) the Underwriting Agreement; (iii) the Whitewash Waiver; and (iv) the Share Consolidation.

RECOMMENDATIONS

The Directors (including independent non-executive directors after taking into account the advice of the Independent Financial Adviser) believe that the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors also believe that the Share Consolidation and the change of board lot size are in the interests of the Company and the Shareholders as a whole. Accordingly, the

Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of all resolutions to be proposed at the EGM. Mr. Cheng, who has a material interest in the Open Offer, the Underwriting Agreement and the Whitewash Waiver has abstained from voting on the Board resolutions regarding the same.

Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Open Offer on pages 35 to 36 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 37 to 56 of this circular, considers that the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer) are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver at the EGM.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By the order of the Board
Sun International Resources Limited
Cheng Mei Ching
Executive Director

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver.

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)

23 December 2013

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; (2) APPLICATION FOR WHITEWASH WAIVER; AND (3) PROPOSED SHARE CONSOLIDATION

We refer to the circular of the Company dated 23 December 2013 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable insofar as the Independent Shareholders are concerned. INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 37 to 56 of the Circular, we are of the opinion that the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are on normal commercial terms, are in the interests of the Independent Shareholders and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Chan Tin Lup, Trevor	**Mr. Tou Kin Chuen**	**Mr. Wang Zhigang**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from INCU Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver, which has been prepared for the purpose of inclusion in the Circular.

INCU Corporate Finance Limited
Unit 1602, 16/F., Tower 1, Silvercord,
30 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

23 December 2013

To: The Independent Board Committee and
the Independent Shareholders of
Sun International Resources Limited

Dear Sirs,

(1) PROPOSED OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to give opinion as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 23 December 2013 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 28 October 2013, the Board announced that the Company proposed the Open Offer on the basis of one Offer Share for every two Shares held on the Record Date. The Open Offer is fully underwritten and is subject to the terms and conditions of the Underwriting Agreement. The Underwriter to the Open Offer is First Cheer, which is a substantial Shareholder holding 271,655,000 Shares, representing approximately 29.29% of the issued share capital of the Company as at the Latest Practicable Date. First Cheer is a limited liability company incorporated in the British Virgin Islands which is owned as to 50% by Mr. Cheng, an executive Director and the

Chairman, and as to 50% by Mr. Chau. Pursuant to the Underwriting Agreement, First Cheer has given the irrevocable First Cheer Undertaking in favour of the Company that (i) the 271,655,000 Shares registered in the name of and beneficially owned by First Cheer will remain registered in the name of and beneficially owned by First Cheer before the date when the announcement of the results of the Open Offer is published; (ii) First Cheer will accept its entitlements under the Open Offer for an aggregate of 135,827,500 Offer Shares; and (iii) First Cheer will lodge the application form in respect of the 135,827,500 Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance. As First Cheer, being the Underwriter to the Open Offer, is deemed to have a material interest in the Open Offer, Mr. Cheng, Mr. Chau, First Cheer and their respective concert parties and those who are involved in or interested in the Open Offer and the Whitewash Waiver will abstain from voting on the respective resolutions at the EGM for approving the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the Whitewash Waiver and the absence of excess application arrangement under the Open Offer. The voting at the EGM will be taken by way of poll.

First Cheer is the sole underwriter to the Open Offer. In the event that any of the Offer Shares are not taken up by the Qualifying Shareholders, First Cheer as the Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up under the First Cheer Undertaking), and this may result in First Cheer and parties acting in concert with it holding 30% or more of the then issued share capital of the Company. Accordingly, the subscription of the untaken Offer Shares by First Cheer may trigger an obligation on its part to make a general offer for all the issued securities of the Company not already owned or agreed to be acquired by First Cheer and parties acting in concert with it. An application for the Whitewash Waiver pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code has been made by First Cheer and parties acting in concert with it to the Executive. The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which Mr. Cheng, Mr. Chau, the Underwriter and the parties acting in concert with any of them will abstain from voting on the relevant resolution(s). The completion of the Open Offer is conditional upon, among other things, the grant of the Whitewash Waiver by the Executive and the approval of the Independent Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved at the EGM, the Open Offer will not proceed.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang has been established to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement thereunder), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement thereunder), the Underwriting Agreement and the Whitewash Waiver are in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide them with an independent opinion and recommendation as to whether the terms of the Open Offer (including the absence of excess application arrangement thereunder), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement thereunder), the

Underwriting Agreement and the Whitewash Waiver are in the interests of the Independent Shareholders, and to advise the Independent Shareholders on how to vote.

We have, during the past two years, provided financial advisory services on a number of transactions to Newtree Group Holdings Limited ("**Newtree**") (Stock code: 1323), in which Mr. Lee Chi Shing, Caesar ("**Mr. Lee**"), an executive Director has acted as the executive director of Newtree since 4 October 2011. In relation to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, we considered that there is no conflict of interest as (i) we are providing financial advisory services to Newtree on a group level rather than acting as a personal financial adviser to Mr. Lee; and (ii) Mr. Lee is not the controlling shareholder of Newtree and he does not hold any interest in Newtree as at the Latest Practicable Date. We are not aware of any other matters which may mean we have a conflict of interest in relation to our engagement as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts supplied, and representations expressed, by the Directors and/or management of the Company and have assumed that all such information and facts and any representations made to us, or referred to in the Circular are true, accurate and complete in all material aspects as at the time they were made and as at the date of the Circular, and that the financial information provided to us has been properly extracted from the relevant underlying accounting records and made after due and careful inquiries by the Company and/or the management of the Company. The Directors and/or the management of the Company have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading. We considered we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group.

In formulating our opinion, we have not considered the tax implications to the Independent Shareholders arising from subscription for, holding of or dealing in the Offer Shares as these are particular to their individual circumstances. We wish to emphasize that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her subscription for, holding of or dealing in the Offer Shares. In particular, Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, we have considered the following principal factors and reasons:

1. Business and financial position of the Group

The Group is principally engaged in the provision of computer hardware and software services, hotel operation and management services, mining iron ores and minerals.

The table below summarises the financial results of the Group for the two years ended 31 March 2013 and for the six months ended 30 September 2012 and 2013 as extracted from the annual report for the year ended 31 March 2013 (the "**Annual Report**") and the interim report for the six months ended 30 September 2013 of the Company (the "**Interim Report**") respectively.

	For the year ended 31 March		**For the six months ended 30 September**	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	239,725	234,093	78,688	117,589
Gross profit	175,319	194,724	54,464	101,976
(Loss)/profit before taxation	(663,363)	92,384	(36,812)	54,840
Income tax credit/ (expense)	128,517	(11,152)	(1,092)	(5,834)
(Loss)/profit for the year	(534,846)	81,232	(37,904)	49,006
Total equity	1,080,498	1,619,905	1,032,849	1,668,451

For the year ended 31 March 2013

According to the Annual Report, the net loss of the Group for the year ended 31 March 2013 was approximately HK$534,846,000 as compared with the net profit of approximately HK$81,232,000 for the previous financial year. The reason of the substantial loss was mainly due to impairment adjustments arising from the change in the fair value of intangible assets, goodwill and investment properties for the financial year.

On 28 February 2013, the Company announced that due to the regulation of the Minister of Trade of the Republic of Indonesia No. 29/M-DAG/Per/5/2012 and the regulation issued by the Director General of Minerals and Coal of the Republic of Indonesia No. 574.K/30/DJB/2012 concerning the export of mining products (“**Regulations**”), iron ores produced from the two iron mines of the Company located in Padang and Ende of Indonesia (“**Two Iron Mines**”) are not permitted to be exported from Indonesia and can only be sold locally before obtaining the required export approvals from the relevant authorities in Indonesia (“**Export Approvals**”). In view that the selling price of iron ores in the local market of Indonesia cannot sufficiently and effectively compensate the production costs of the two iron mines, the Board has decided to suspend the operation of the Two Iron Mines pending the granting of the Export Approvals or change of laws in Indonesia to a favourable condition. During the year ended 31 March 2013, the Directors appointed an independent professional valuer to perform a mining rights valuation with respect to mines situated at Padang and Ende, Indonesia and an impairment loss amounting to HK$557,441,734 has been recognized.

The Directors also reassessed the recoverable amount of the cash generating units (“**CGU**”) of computer software solution and services and hotel services with reference to the valuation performed by independent qualified professional valuers and determined that an impairment loss of HK$159,725,686 on goodwill associated with the CGU of computer software solution and services and HK$29,929,383 on goodwill associated with the CGU of hotel services were identified respectively.

Ignoring the impairment loss on intangible assets and goodwill amounting to HK$747,096,803, the Company is in fact profit generating.

For the six months ended 30 September 2013

According to the Interim Report, the net loss of the Group for the six months ended 30 September 2013 was approximately HK$37,904,000 as compared to net profit of approximately HK$49,006,000 from the corresponding period in the previous fiscal year. The loss was mainly due to decrease in revenue generated from computer services and hotel services segment and the introduction of the equine business services which increased the administrative expense during the reporting period.

The hotel business is in a loss position for the six months ended 30 September 2013 as compared to a profit making position for the six months ended 30 September 2012 and the year ended 31 March 2013 due to the decrease in revenue resulted from the non-renewal of a long term lease contract and the offer of promotional package to attract new customers. As advised by the management of the Company, resources for continuous advertising and marketing promotion has been placed to improve the occupancy rate of the resort for the hotel services business. This includes using of brochures, leaflets, TV broadcasting, road posters, LED screens as promotion media, and having agreements with travel agency for advertising purpose.

The revenue generated from the computer software solution and services business for the six months ended 30 September 2013 was approximately HK$49.36 million as compared to approximately HK$75.00 million for the six months ended 30 September 2012 as a result of the decrease in the service demand from the customers of the online entertainment and gambling business. The Group has also taken steps for market research on the current demand and expectation of online game customers for the computer services business. The related advertising and promotion activities has been adopted through internet and other medium platform.

As advised by the management of the Company and according to the Interim Report, it is the business strategy of the Company to continue to diversify the business scope and to broaden the revenue base of the Group. On 23 June 2013, the Company announced the entering of the sales and purchase agreements in relation to the acquisition of the racehorses trading business for a total consideration of A$17.80 million. In August 2013, the Group completed the purchase of one of Australia's largest stud farms, Eliza Park in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training. Future plans include purchasing of bloodstock globally, which would then be raised and traded when they reached a certain age. In addition, the Group is investigating the possibility for building new pre-training and racing facilities which will include an uphill, all weather undercover training track, along with other training infrastructure. This new business will further diversify the business of the Group.

Having considered the existing operations and resources of the Group, the Group will continue to operate and allocate resources to hotel and information technology service as they can provide income to the Group, the Board considers that it may be feasible for the Group to engage in the racehorse breeding, agistment and pre-training alongside its existing principal businesses.

The Company's intention to use the net proceeds as general working capital is in its ordinary course of business, is consistent and in line with the Company's existing core business and future development strategy.

2. Reasons for the Open Offer and use of proceeds

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company will receive gross proceeds of approximately HK$46.4 million. The net proceeds under the Open Offer are expected to amount to approximately HK$45.2 million (after deducting the costs and expenses in relation to the Open Offer and assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$56.7 million (assuming all Shares have been issued pursuant to the exercise of Share Options).

As stated in the Letter from the Board, the Company intends to use the net proceeds from the Open Offer as general working capital for the existing business of the Group including the new equine business, such as the purchase of bloodstock for trading purposes and the research for building racehorse training facilities for potential future development.

As disclosed in the Letter from the Board, the estimated cash outflow of the Group includes the following major items:

(a) cash outflow for the hotel and IT business of the Group (including, but not limited to, payment to suppliers, the purchase of computer hardware for trading purpose, the purchase of food and beverage and consumables for the Group's hotel business and the salary of the relevant staff); and

(b) the administrative expenses of the Group (including the salary of directors and the employees of the Group companies, the travelling expenses, the administrative expenses for the new equine business and other legal and professional expenses).

In assessing the Company's rationale for the Open Offer, we have reviewed the Group's indebtedness position and financial resources. As set out in the indebtedness statement contained in Appendix I to this Circular, as at 31 October 2013, the Group had secured or guaranteed borrowings of HK$45 million and had unsecured and unguaranteed borrowings of approximately HK$209 million. The Group's gearing ratio, calculated based on such total borrowings of approximately HK$254 million and the Group's net asset value of approximately HK$1,032.85 million as at 30 September 2013, is 24.59%. The Group's cash or cash equivalent as at 30 September 2013 was approximately HK$23.42 million. Depending on the outcome of the Open Offer, the Company would receive net cash proceeds ranging from approximately HK$46.4 million (assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$56.7 million (assuming all Shares have been issued pursuant to the exercise of Share Options), which will surely strengthen the Group's capital base and improve its working capital position. The improvement in the capital base will help to reduce the Group's gearing level.

In addition, we have obtained the working capital forecast of the Group on each business segment prepared by the Company for the period from 1 October 2013 to 31 March 2015 and discussed with the Company and the reporting accountant of the Company to understand and assess the basis and assumptions used in the working capital forecast made by the Group. We have also discussed with the Company to understand their business and future plans on each business segment and funding needs during the period from 1 October 2013 to 31 March 2015. We have also enquired and was advised that the Company was granted a loan facility of HK$150 million (the "**Facility**") from a financial institution in Hong Kong for a term of 3 years from June 2013.

As at the Latest Practicable Date the Facility was utilized as to HK$98 million (approximately 65% of the amount of the Facility), in which HK$53 million was recently withdrawn by the Company for the repayment of the convertible notes in the principal amount of RMB33 million, together with accrued and unpaid interests, amounting to a total of RMB41.26 million (equivalent to approximately HK$52.18 million) on 9 December 2013.

Having performed the above due diligence work and having considered that the Group's cash and bank balance decreased substantially after the acquisition of the equine business in August 2013, the funds required as working capital to finance the day-to-day operation and business of the Group, the liquidity and current gearing level of the Company, we agree that it is in the interest of the Company to strengthen its capital base, reduce its gearing level and improve its working capital position. Taking into account the aforesaid, we are of the opinion that the Company's reasons for the Open Offer and the use of proceeds are justifiable.

We have enquired and the Company has confirmed that the Board has considered other alternative fund raising methods, such as issue of new shares and bank borrowings, however the Company will be subjected to interest burden and higher gearing ratio if funds are raised through bank borrowings and the existing shareholder will be subjected to dilution of interest under issue of new shares to specific shareholder(s). The Board considers that the Open Offer and the rights issue will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company. Although fund raising method through rights issue will allow the Shareholders who do not want to participate in the entitlements to trade their nil-paid entitlements in the market, such fund raising method has higher administrative costs including the preparation, printing, posting of excess application form for the Offer Shares and handling of any excess application for the Offer Shares. As set out in the Letter from the Board, considering (i) the low trading volume of the Shares and (ii) the low monetary value per board lot, the Board is of the opinion that the trading of nil paid rights will either incur a high transaction cost for trading of small board lot of Shares, which is not economical, or not be active enough for the trading of a large board lot of Shares. Therefore fund raising through open offer is comparatively more cost-effective and efficient as compared to a rights issue.

Having considered the aforesaid, we are of the opinion that the Open Offer is an acceptable and equitable means for the Company to raise new capital while avoiding high transaction costs and is in the interest to the Company and the Shareholders as a whole.

3. Principal terms of the Open Offer

Basis of the Open Offer:	1 Offer Share for every 2 Shares held on the Record Date
Subscription Price:	HK$0.10 per Offer Share payable in full upon acceptance
Number of Shares in issue:	927,600,000 Shares as at the Latest Practicable Date
Number of Offer Shares:	not less than 463,800,000 Offer Shares and not more than 590,554,891 Offer Shares

Number of Offer Shares undertaken to be taken up by First Cheer:	Pursuant to the Underwriting Agreement, First Cheer has given the irrevocable First Cheer Undertaking in favour of the Company that, among others, (i) the 271,655,000 Shares registered in the name of and beneficially owned by First Cheer will remain registered in the name of and beneficially owned by First Cheer before the date when the announcement of the results of the Open Offer is published; (ii) First Cheer will accept its entitlements under the Open Offer for an aggregate of 135,827,500 Offer Shares; and (iii) First Cheer will lodge the application form in respect of the 135,827,500 Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.
Number of Offer Shares underwritten by First Cheer:	Not less than 327,972,500 Offer Shares and not more than 454,727,391 Offer Shares, being the total number of the Offer Shares less the number of the Offer Shares to be taken up by First Cheer. The Open Offer (other than the Offer Shares undertaken to be taken up by First Cheer under the First Cheer Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.
Underwriting commission:	Nil
Excess application:	Nil

4. Subscription Price

As stated in the Letter from the Board, the Subscription Price for the Offer Shares was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the working capital requirements of the Company. The Subscription Price of HK$0.10 per Offer Share represents:

(i) a discount of approximately 68.75% to the closing price of HK$0.32 per Share as quoted on the Stock Exchange on 11 October 2013, being the Last Trading Day;

(ii) a discount of approximately 69.04% to the average closing price of HK$0.323 per Share for the five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 71.35% to the average closing price of HK$0.349 per Share for the 30 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 59.51% to the theoretical ex-entitlement price of HK$0.247 per Share calculated based on the closing price of HK$0.32 per Share on the Last Trading Day;

(v) a discount of approximately 68.75% to the closing price of HK$0.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

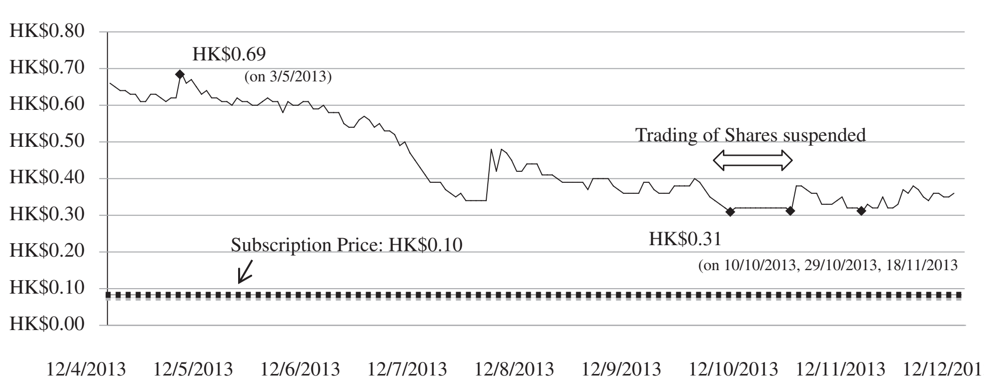
(vi) a discount of approximately 89.62% to the audited net asset value per Share of approximately HK$0.963 based on the latest consolidated net asset value attributable to equity holders of the Company as at 31 March 2013 and the number of Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 25.00% over the unaudited consolidated net tangible assets per Share attributable to the owners of the Company based on 927,600,000 Shares in issue as at 30 September 2013 of approximately HK$0.08 as shown in the Appendix II "Unaudited pro forma financial information of the Group" to the Circular.

Historical Share price and trading volume

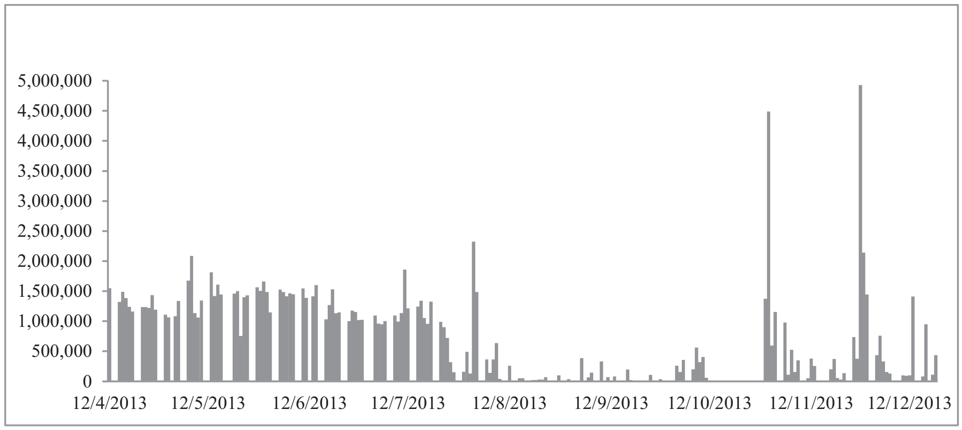
In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the trading price and the trading volume of the Shares for the period from 12 April 2013, being the 6-month period prior to the Underwriting Agreement, up to and including the Latest Practicable Date (the "**Review Period**"). The charts below illustrate the daily closing prices of the Shares versus the Subscription Price during the Review Period and the trading volume of the Shares:

Chart 1. Share price of the Company



Source: the website of the Stock Exchange

Chart 2. Volume of Shares traded



Source: the website of the Stock Exchange

As shown in Chart 1, at the beginning of the Review Period from the mid of April 2013 to the mid of June 2013, the closing price of the Shares maintained at a level of not less than HK$0.58. After the mid of June 2013, the closing price of the Shares gradually went down and reached the lowest of HK$0.335 on 26 July 2013, 27 July 2013 and HK$0.34 on 31 July 2013. The Share price then rebounded to HK$0.55 and closed at HK$0.475 on the next trading day but gradually went down to HK$0.32 before the suspension of trading of Shares on 15 October 2013. After resumption of trading of Shares on 29 October 2013, the closing price of the Shares traded within the range of HK$0.31 to HK$0.375. It is noted that during the Review Period, the Shares recorded the highest closing price of HK$0.69 on 3 May 2013 and the lowest closing price of HK$0.31 on 10 October 2013, 29 October 2013 and 18 November 2013. The Subscription Price represents a discount of approximately 85.51% to such highest closing price and approximately 67.74% to the lowest closing price during the Review Period respectively.

As shown in Chart 2, the trading volume of Shares was thin with less than 5,000,000 shares (representing less than approximately 0.53% of the total issued Shares) traded daily during the Review Period and up to the Latest Practicable Date.

Comparable analyses

We also consider a broader comparison of the open offers conducted by other companies listed on the Main Board of the Stock Exchange and GEM to provide a more general reference for the Subscription Price. We have on a best effort basis identified all the open offers (the "**Comparables**") (i) announced by other listed companies from 12 October 2012 up to and including 11 October 2013, being the date of the Underwriting Agreement; and (ii) have not been suspended for trading for more than 12 months from the dates of the respective announcements, for reference. We are of the view that a 12-month period is appropriate in order to list out a more comparable sample size of companies to show a better comparison. In view that the terms of the Comparables are determined under similar market conditions and sentiments as the Open Offer, we consider that the Comparables are fair and representative samples. Details of the Comparables are summarized in the following table:

	Company name	Date of announcement	Basis of allotment	Discount/(premium) of subscription price to/(over) closing price on the last trading day prior to announcement	Discount/(premium) of subscription price to/(over) theoretical ex-entitlement price based on closing price on the last trading day prior to announcement	Discount/(premium) of subscription price to/(over) closing price on the latest practicable date prior to circular *(Note 1)*	Discount/(premium) of subscription price to/(over) theoretical ex-entitlement price based on closing price on the latest practicable date prior to the circular *(Note 1)*	Excess application (Yes/No)	Underwritten by substantial shareholder: (Yes/ No)	Underwriting commission	Maximum dilution *(Note 2)*
1	Fava International Holdings Limited (8108)	17-Sep-13	4 for 1	66.10%	28.06%	53.05%	18.43%	Yes	No	3.50%	80.00%
2	Carnival Group International Holdings Limited (996)	16-Sep-13	1 for 2	33.33%	25.01%	3.85%	2.58%	No	Yes	1.50%	33.33%
3	China Environmental Resources Group Limited (1130)	15-Aug-13	33 for 10	50.00%	18.92%	27.03%	7.94%	No	No	2.50%	76.74%
4	Hao Wen Holdings Limited (8019)	11-Jul-13	8 for 1	61.50%	15.30%	75.00%	25.00%	Yes	No	3.00%	88.89%
5	Larry Jewelry International Company Limited (8351)	5-Apr-13	3 for 10	54.36%	47.87%	N/A	N/A	No	No	1.50%	23.08%
6	Eternity Investment Limited (764)	13-Mar-13	1 for 2	9.09%	6.25%	N/A	N/A	No	No	1.00%	33.33%
7	Summit Ascent Holdings Limited (102)	28-Feb-13	3 for 10	59.46%	53.01%	N/A	N/A	No	No	1.25%	23.08%
8	TLT Lottotainment Group Limited (8022)	7-Feb-13	2 for 1	(49.25)%	(12.36)%	(9.89%)	(3.09%)	No	No	3.00%	66.67%
9	Perception Digital Holdings Limited (1822)	30-Jan-13	1 for 2	37.27%	28.36%	N/A	N/A	No	No	3.00%	33.33%
10	Solargiga Energy Holdings Limited (757)	15-Jan-13	1 for 5	12.07%	10.26%	N/A	N/A	Yes	No	1.00%	16.67%
11	Far East Holdings International Limited (36)	14-Dec-12	1 for 2	39.39%	30.24%	N/A	N/A	Yes	No	4.50%	33.33%
12	China Neng Xiao Technology (Group) Limited (8047)	11-Dec-12	1 for 2	73.40%	64.79%	N/A	N/A	No	No	3.50%	33.33%
13	TeleEye Holdings Limited (8051)	15-Nov-12	1 for 2	58.20%	48.10%	N/A	N/A	Yes	Yes	2.00%	33.33%

	Company name	Date of announcement	Basis of allotment	Discount/(premium) of subscription price to/(over) closing price on the last trading day prior to announcement	Discount/(premium) of subscription price to/(over) theoretical ex-entitlement price based on closing price on the last trading day prior to announcement	Discount/(premium) of subscription price to/(over) closing price on the latest practicable date prior to circular *(Note 1)*	Discount/(premium) of subscription price to/(over) theoretical ex-entitlement price based on closing price on the latest practicable date prior to the circular *(Note 1)*	Excess application (Yes/No)	Underwritten by substantial shareholder: (Yes/ No)	Underwriting commission	Maximum dilution *(Note 2)*
14	Solargiga Energy Holdings Limited (757)	2-Nov-12	1 for 9	16.67%	15.25%	N/A	N/A	No	No	1.50%	10.00%
15	Yunbo Digital Synergy Group Limited (8050)	31-Oct-12	1 for 4	44.44%	39.02%	N/A	N/A	Yes	Yes	0.00%	20.00%
16	Royale Furniture Holdings Limited (1198)	26-Oct-12	1 for 2	38.55%	29.46%	N/A	N/A	No	No	2.50%	33.33%
17	C Y Foundation Group Limited (1182)	19-Oct-12	1 for 2	35.90%	27.17%	N/A	N/A	No	No	2.00%	33.33%
	Maximum			**73.40%**	**64.79%**	**75.00%**	**25.00%**			**4.50%**	**88.89%**
	Minimum			**(49.25)%**	**(12.36)%**	**(9.89%)**	**(3.09%)**			**0.00%**	**10.00%**
	Open Offer of the Company			**68.75%**	**59.51%**	**68.75%**	**59.46%**	No	Yes	**0.00%**	**33.33%**

N/A: denotes not applicable

Source: Announcements of the relevant companies posted on the Stock Exchange's website

Notes:

1. No circular is despatched with regard to the Comparables marked with "N/A" in the columns above.

2. Maximum dilution effect of each open offer is calculated as: ((number of offer shares/(number of existing shares held for the entitlement for the offer shares plus the number of offer shares entitled) x 100%, e.g. for an open offer with basis of 4 offer shares for every 1 existing share, the maximum dilution effect is calculated as ((4/(4+1))*100%) = 80.00%.

3. Open offer transactions with bonus issue of shares/warrants are excluded due to the different in nature of transaction.

As shown in the above table, the premium/discounts represented by the subscription prices over/to the closing prices of shares of the Comparables on the last trading days prior to the release of the respective announcements ranged from a premium of approximately 49.25% to a discount of approximately 73.40% (the "**LTD Market Range**"). The discount of approximately 68.75% represented by the Subscription Price to the closing price of the Shares on the Last Trading Day falls within the LTD Market Range. As shown in the above table, the premium/discounts represented by the subscription prices over/to the closing prices of shares of the Comparables on the last trading days prior to the release of the respective circulars ranged from a premium of approximately 9.89% to a discount of approximately 75.00% (the "**LPD Market Range**"). The discount of approximately 68.75% represented by the Subscription Price to the closing price of the Shares on the Latest Practicable Date falls within the LPD Market Range.

As noted from the table, there are 4 Comparables different from the Open Offer of which they have excess application mechanism and the underwriters are not the substantial shareholders, yet we consider these Comparables are comparable as (i) they fall within the selection criteria as set out in previous section; (ii) there is low correlation among these excess application arrangement and the underwriting arrangement with the discount of the LTD Market Range (i.e. range from approximately 12.07% to approximately 66.10% for the 4 Comparables compared to premium of approximately 49.25% to a discount of approximately 73.40% for the rest of the Comparables) and the LPD Market Range (i.e. range from approximately 53.05% to approximately 75.00% for the 4 Comparables compared to premium of approximately 9.89% to a discount of approximately 27.03% for the rest of the Comparables). In addition, the inclusion of these Comparables in the table gives Shareholders a general reference to the excess application arrangement and the underwriting arrangement of other open offers during the period.

The discount represented by the subscription prices to the theoretical ex-entitlement prices of the shares of the Comparables ranged from a premium of approximately 12.36% to a discount of approximately 64.79% (the "**TEP Market Range**"). The discount of approximately 59.51% as represented by the Subscription Price to the theoretical ex-entitlement price of the Shares falls within the TEP Market Range. In view of the foregoing, we consider the Subscription Price to be fair and reasonable so far as the Company and the Shareholders are concerned.

Having taken into consideration that (i) it is common for the listed issuers in Hong Kong to issue offer shares at a discount to the market price in order to enhance the attractiveness of an open offer transaction and the Subscription Price is lower than the market price of the Shares as at the Last Trading Day and the Latest Practicable Date is in line with general practices in the market; (ii) the discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day and the Latest Practicable Date falls within the LTD Market Range and the LPD Market Range respectively; (iii) the discount represented by the Subscription Price to the theoretical ex-entitlement price of the Shares falls within the TEP Market Range; (iv) the discount also factored in the thin trading volume of the Shares during the Review Period and up to the Latest Practicable Date; and (v) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Offer Shares at the Subscription

Price, we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned. Moreover, we are of the view that the large discount will not enhance the chance for First Cheer to take up substantial part of the total Offer Shares under the Open Offer as (i) all Qualifying Shareholders will be entitled to subscribe for the Offer Shares in proportion to his/her/its shareholding; and (ii) Shareholders not only consider the discount of Subscription Price, but also consider the benefits of the Open Offer and the future prospects of the Company.

Excess application

As set out in the Letter from the Board, assuming that there does not exist any Prohibited Shareholder on the Record Date and all Qualifying Shareholders take up their entitlements, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiation with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications (which is estimated to be lowered by more than HK$250,000) and the Underwriter does not charge any commission for the Offer Shares taken up by it, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders and to have the unsubscribed Offer Shares taken up by the Underwriter.

There are market practices from time to time for listed issuers not to offer excess applications in consideration of unnecessary administrative cost. We noted that amongst the 17 Comparables identified, 11 of which did not adopt excess application for their open offer for fund raising, representing more than half of the Comparables. We consider that the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements. However, the nil excess application should be balanced against the fact that:

(i) the terms of the Open Offer are structured with an intention to encourage the Qualifying Shareholders, including the minority Shareholders to take up their respective assured entitlement of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares to enhance the attractiveness and provides reasonable incentive for the Qualifying Shareholders to participate in the Open Offer;

(ii) the Open Offer are offered equitably to all Qualifying Shareholders with an equal opportunity to maintain their pro rata shareholding in the Company, the Qualifying Shareholders who choose to accept their respective entitlements under the Open Offer in full can maintain their respective existing shareholdings in the Company after the Open Offer;

(iii) the Open Offer allows the Qualifying Shareholders, who are optimistic about the future development of the Company, to exercise their rights to subscribe for the Offer Shares;

(iv) the absence of excess application arrangement and the Open Offer underwritten by the substantial shareholder at no commission would lower the administrative cost of the Open Offer to the Company, which benefit the Company and all the Shareholders as a whole;

(v) given that the Offer Price is set at a level to attract Shareholders' subscription, it is uncertain as to whether there will be any such excess Shares to justify the additional administrative cost for such arrangement;

(vi) for those Shareholders who do not accept the Open Offer shall have their interests in the Company diluted by 33.3% but they shall be able to benefit from the lower cost of the Open Offer in (iv) above and the overall improvement of the liquidity, net tangible assets and the gearing level (as further elaborated in the following section) of the Company upon completion of the Open Offer; and

(vii) the absence of excess application arrangement and the underwriting arrangement under the Open Offer is subject to approval by the Independent Shareholders at the EGM,

having considered the above factors, we consider that the absence of the arrangement for excess application under the Open Offer does not give rise to less favorable situation to the Independent Shareholders than the Underwriter. As such, the absence of excess application arrangement therefore may be considered immaterial to the Qualifying Shareholders and we consider it, on balance, is acceptable.

5. Underwriting arrangement

Pursuant to the Underwriting Agreement, First Cheer, a substantial Shareholder holding 271,655,000 Shares, representing approximately 29.29% of the issued share capital of the Company as at the Latest Practicable Date, has irrevocably undertaken to accept its entitlement under the Open Offer for 135,827,500 Offer Shares. First Cheer has further conditionally agreed to underwrite the balance of 454,727,391 Offer Shares, on the terms and subject to the conditions set out in the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company is not required to pay any commission to the Underwriter. The market rate for underwriting open offer of the Comparables listed above range from 0% to 4.5%. The absence of the underwriting commission for the Open Offer is in the interest of the Company and will reduce the overall expenses of the Company in this fund raising exercise.

The Open Offer with First Cheer as Underwriter will surely be a valuable opportunity to the Company as First Cheer fully underwrites the Offer Shares, which will enhance the Company's fund level and improve its gearing level. On the other hand, the Open Offer if undertaken by financial institutions will inevitably incur underwriting commission, while the underwriting by First Cheer (no underwriting commission is charged) will reserve more fund from the Open Offer for the benefit of the Company.

Risks associated with the Open Offer

Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the fulfilment of the conditions set out in the section headed "Conditions of the Underwriting Agreement" in the Letter from the Board. In particular, the Open Offer is conditional upon, among others, the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll. Accordingly, the Open Offer may or may not proceed. In addition, the Open Offer would not proceed if the Underwriter exercises its termination rights under the Underwriting Agreement. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

6. Potential dilution effect on the shareholding interests of the Independent Shareholders

Since the Open Offer is extended to all Qualifying Shareholders, they will be able to maintain their proportional interests in the Company if they take up their assured entitlements under the Open Offer in full. Any Qualifying Shareholders who choose not to take up their assured entitlements in full under the Open Offer will have their shareholding interests in the Company diluted up to a maximum of 33.3%.

Despite the dilution effect by the Open Offer of a maximum of approximately 33.3%, having taken into account: (i) the Open Offer would provide the necessary funds to the Group for investment and future development; (ii) the Open Offer would strengthen the capital base of the Group; (iii) all Qualifying Shareholders have been offered the same opportunity in the Open Offer to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; and (iv) the inherent dilutive nature of Open Offer in general if the existing Shareholder did not take up his/her/its entitlements under the Open Offer, we consider the possible dilution effect on the Independent Shareholders to be acceptable.

7. Financial effects of the Open Offer

Net tangible asset

According to the unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK$77.36 million as at 30 September 2013. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would increase to approximately HK$122.55 million (assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$135.22 million (assuming all Shares have been issued pursuant to the exercise of Share Options) immediately offer the completion of the Open Offer.

Immediately after the completion of the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets per Share would increase from approximately HK$0.08 to approximately HK$0.09 (assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$0.09 (assuming all Shares have been issued pursuant to the exercise of Share Options). Both the net tangible assets per Share and the net tangible assets position of the Group will be enhanced as a whole.

Working capital

The Open Offer is expected to have a positive effect on the Group's working capital upon completion as the proceeds from the Open Offer will bring in net proceeds of approximately HK$45.2 million (assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$56.7 million (assuming all Shares have been issued pursuant to the exercise of Share Options) to the Group.

Liquidity

According to the Interim Report, the unaudited consolidated total current assets and total current liabilities of the Group as at 30 September 2013 were approximately HK$198.85 million and HK$110.10 million respectively. Accordingly, the current ratio (current assets/current liabilities) as at 30 September 2013 was approximately 1.81 times. The net proceeds from the Open Offer is expected to increase the Group's current assets by approximately HK$45.2 million (assuming no Shares have been issued pursuant to the exercise of Share Options) to approximately HK$56.7 million (assuming all Shares have been issued pursuant to the exercise of Share Options) and the Open Offer is expected to improve the Group's liquidity position immediately after its completion.

Gearing

As set out in the indebtedness statement contained in Appendix I to this Circular, as at 31 October 2013, the Group had secured or guaranteed borrowings of HK$45 million and had unsecured and unguaranteed borrowings of approximately HK$209 million. The Group's gearing ratio, calculated based on such total borrowings of approximately HK$254 million and the Group's net asset value of approximately HK$1,032.85 million as at 30 September 2013, is 24.59%. As the net proceeds from the Open Offer is principally used for general working capital of the Group, the Open Offer is expected to improve the Group's gearing position.

As the unaudited pro forma consolidated net tangible assets per Share would increase by approximately 12.5% upon completion of the Open Offer, the cash and cash equivalent of the Company would also increase which will provide general working capital to the Group and the net tangible asset value of the equity interests of the Shareholders who participated in the Open Offer would not been diluted (the net tangible asset value of the equity interests of the Shareholders who did not participated in the Open Offer would been diluted by approximately 33.3%), we consider the Open Offer to be beneficial to the Group.

Based on the aforesaid, the Open Offer would have an overall positive effect on the financial positions of the Group in terms of its liquidity, net tangible assets and gearing position. On such basis, we are of the view that the Open Offer is in the interests of the Company and the Shareholders as a whole.

8. Whitewash Waiver

The Open Offer is fully underwritten by First Cheer. As at the Latest Practicable Date, First Cheer was interested in 271,655,000 Shares, representing approximately 29.29% of the issued share capital of the Company. In the event the Underwriter is required to perform its underwriting commitment under the Underwriting Agreement in full, the Underwriter and parties acting in concert with it will become interested in a total of 735,455,000 Shares (assuming no Shares have been issued pursuant to the exercise of Share Options) to 852,775,000 Shares (assuming all Shares have been issued pursuant to the exercise of Share Options), representing approximately 49.07% to approximately 52.86% of the issued share capital of the Company as enlarged by the Open Offer respectively. In such event, the Underwriter will be obliged to make a general offer for all the issued securities of the Company not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it. An application for the Whitewash Waiver pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code has been made by the Underwriter and parties acting in concert with it to the Executive. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

As stated in the Letter from the Board, the Open Offer is conditional upon, among other things, the Whitewash Waiver being obtained. If the Whitewash Waiver is not approved by the Independent Shareholders, the Open Offer will not proceed and the Company will lose all the benefits that are expected to be brought by the completion of the Open Offer. Accordingly, we are of the view that for the purposes of implementing the Open Offer, the approval of the Whitewash Waiver by the Independent Shareholders is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the section headed "**PRINCIPAL FACTORS AND REASONS CONSIDERED**" above, including:

1. Background and reasons for the Open Offer;

2. Principal terms of the Open Offer;

3. The Underwriting Agreement;

4. Potential dilution effect of the Open Offer to the Independent Shareholders;

5. Financial effects of the Open Offer; and

6. The Whitewash Waiver and the effect of approval of the Whitewash Waiver,

we are of the view that the Open Offer is on normal commercial terms, which are fair and reasonable so far as the Independent Shareholders are concerned and it is in the interests of the Company and the Independent Shareholders as a whole. As the Open Offer is conditional upon the grant of the Whitewash Waiver, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions approving the Open Offer (including the absence of excess application arrangement under the Open Offer) and the Whitewash Waiver at the EGM and advise the Independent Board Committee to make the same recommendation.

Independent Shareholders are however reminded to note the recent fluctuation in the Share price after release of the Announcement, and that there is no guarantee that the current market price will or will not sustain, or will or will not be higher than the Subscription Price from the Latest Practicable Date to immediately prior to the latest time for acceptance of the Open Offer and after the dealing of the Offer Shares commences. Independent Shareholders, especially those who intend to subscribe for the Offer Shares, are also reminded to closely monitor the market price and the liquidity of the Shares.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

1. FINANCIAL INFORMATION

(A) FINANCIAL SUMMARY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013 AND THREE YEARS ENDED 31 MARCH 2011, 2012 AND 2013

Financial information of the Group for each of the three years ended 31 March 2011, 2012 and 2013 and for the six months ended 30 September 2013 were disclosed in the annual and the interim reports of the Company for the years ended 31 March 2011 (pages 35 to 97), 2012 (pages 36 to 101), 2013 (pages 33 to 97) and for the six months ended 30 September 2013 (pages 3 to 23) respectively, which were published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.sun8029.com).

Set out below is a summary of the financial results of the Group for the six months ended 30 September 2013 and each of the years ended 31 March 2011, 2012 and 2013 as extracted from the interim report of the Company for the six months ended 30 September 2013 and annual reports of the Company for the years ended 31 March 2011, 2012 and 2013 respectively. Save as disclosed on the face of the financial information below, there were no items which were extraordinary or exceptional because of size, nature or incidence for the consolidated statement of comprehensive income of the Group for the six months' period ended 30 September 2013 and each of the years ended 31 March 2011, 2012 and 2013. There was no audit qualification contained in the auditors' report prepared by Andes Glacier CPA Limited in respect of each of the years ended 31 March 2011, 31 March 2012 and 31 March 2013.

Consolidated Statement of Comprehensive Income

	For the six months ended 30 September 2013	Year ended 31 March 2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Turnover	78,687,938	239,725,206	234,092,979	201,294,347
Direct costs	(24,223,493)	(64,406,554)	(39,369,324)	(45,114,349)
Gross profit	54,464,445	175,318,652	194,723,655	156,179,998
Other operating income	2,233,246	5,379,722	6,677,876	2,580,230
Administrative expenses	(84,777,001)	(82,182,090)	(74,145,603)	(78,877,637)
Amortization	–	–	(15,570,581)	(5,867,749)
Fair value change of derivative financial instruments	–	(979,514)	(4,038,397)	(3,494,504)
Fair value changes of investment properties	–	(6,203,173)	–	–
Share of losses of associates	(211,956)	(995,233)	(1,458,809)	–
Loss on early redemption of convertible notes	–	(951,964)	(5,967,223)	–
Impairment loss on intangible assets	–	(557,441,734)	–	–
Impairment loss on goodwill	–	(189,655,069)	–	–
Gain on disposal of a subsidiary	–	61,315	–	–
Finance costs	(8,520,894)	(5,713,810)	(7,836,548)	(6,908,774)
Share-based payment expenses	–	–	–	(11,147,191)
(Loss)/profit before taxation	(36,812,160)	(663,362,898)	92,384,370	52,464,373
Income tax credit/(expense)	(1,091,978)	128,516,887	(11,152,410)	52,609,083
(Loss)/profit for the year	(37,904,138)	(534,846,011)	81,231,960	105,073,456
Other comprehensive loss:				
Currency translation differences	(9,744,774)	(216,549)	(7,866,750)	(838,262)
Total comprehensive (loss)/income for the year	(47,648,912)	(535,062,560)	73,365,210	104,235,194
(Loss)/profit for the year attributable to:				
Equity holders of the Company	(32,327,469)	(327,543,460)	87,572,918	68,744,271
Non-controlling interests	(5,576,668)	(207,302,551)	(6,340,958)	36,329,185
	(37,904,137)	(534,846,011)	81,231,960	105,073,456

	For the six months ended 30 September 2013	Year ended 31 March 2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total comprehensive (loss)/income for the year attributable to:				
Equity holders of the Company	(41,747,373)	(326,665,924)	80,703,378	67,222,408
Non-controlling interests	(5,901,539)	(208,396,636)	(7,338,168)	37,012,786
	(47,648,912)	(535,062,560)	73,365,210	104,235,194
(Loss)/earnings per share (HK cents per share)				
Basic	(3.49)	(35.31)	9.44	7.48
Diluted	n/a	(35.31)	8.87	7.21
Final dividend per share (HK cents per share)	–	–	–	1.5
Amount absorbed by dividend	–	–	–	13,914,000
Dividend paid to non-controlling interests	–	–	–	800,000

Consolidated Statement of Financial Position

	As at 30 September 2013	As at 31 March 2013	2012	2011
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Non-current assets				
Intangible assets	528,147,291	533,000,000	1,092,237,070	1,075,568,296
Goodwill	245,754,367	229,884,229	419,539,298	419,539,298
Exploration and evaluation assets	–	–	–	33,777,360
Property, plant and equipment	75,804,957	50,632,022	32,301,084	31,572,111
Investment properties	70,398,841	74,000,000	76,652,958	74,797,984
Stallions	68,286,972	–	–	–
Interests in associates	277,334,002	277,545,958	278,541,191	280,000,000
	1,265,726,430	1,165,062,209	1,899,271,601	1,915,255,051
Current assets				
Inventories	93,558,964	25,436,616	42,163,142	22,066,917
Trade receivables	50,936,074	79,412,065	140,462,427	71,774,365
Prepayments, deposits and other receivables	30,934,302	17,971,873	18,502,500	15,662,550
Derivative financial instruments	–	–	1,931,478	11,939,750
Tax recoverable	–	–	552,342	961,471
Bank balances and cash	23,416,597	172,901,735	57,501,651	147,144,130
	198,845,937	295,722,289	261,113,540	269,549,183
Current liabilities				
Accruals and other payables	52,249,738	31,137,855	21,891,052	19,633,050
Trade payables	12,117,468	7,710,773	2,253,482	1,929,920
Deposits received	131,623	1,083,336	1,063,611	1,370,409
Amount due to a non-controlling shareholder of a subsidiary	–	–	25,350,000	25,350,000
Obligations under finance leases	–	–	22,395	101,784
Convertible notes	43,370,184	45,123,469	–	–
Promissory note	–	–	140,000,000	–
Tax payables	2,234,078	3,724,988	3,034,620	2,561,096
	110,103,091	88,780,421	193,615,160	50,946,259

	As at 30 September 2013 HK$ (Unaudited)	As at 31 March 2013 HK$ (Audited)	2012 HK$ (Audited)	2011 HK$ (Audited)
Net current assets	88,742,846	206,941,868	67,498,380	218,602,924
Total assets less current liabilities	1,354,469,276	1,372,004,077	1,966,769,981	2,133,857,975
Non-current liabilities				
Long-term borrowing	30,114,110	–	–	–
Obligations under finance leases	–	–	–	23,153
Deferred taxation	126,156,560	126,156,559	265,516,993	269,409,638
Convertible notes	–	–	81,347,650	158,844,312
Promissory note	140,000,000	140,000,000	–	140,000,000
Amount due to a non-controlling shareholder of a subsidiary	25,350,000	25,350,000	–	–
	321,620,670	291,506,559	346,864,643	568,277,103
Net assets	1,032,848,606	1,080,497,518	1,619,905,338	1,565,580,872
Capital and reserves				
Share capital	37,104,000	37,104,000	37,104,000	37,104,000
Reserves	814,156,206	855,903,579	1,186,914,763	1,124,452,129
Equity attributable to equity holders of the Company	851,260,206	893,007,579	1,224,018,763	1,161,556,129
Non-controlling interests	181,588,400	187,489,939	395,886,575	404,024,743
Total equity	1,032,848,606	1,080,497,518	1,619,905,338	1,565,580,872

(B) UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2013

		For the three months ended 30 September		For the six months ended 30 September	
		2013	2012	2013	2012
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	2	44,156,652	58,913,144	78,687,938	117,589,202
Direct costs		(14,548,777)	(7,895,758)	(24,223,493)	(15,613,523)
Gross profit		29,607,875	51,017,386	54,464,445	101,975,679
Other operating income		884,430	332,437	2,233,246	1,429,271
Administrative expenses		(62,218,816)	(20,544,878)	(84,777,001)	(41,249,405)
Fair value change in intangible assets		–	(3,705,399)	–	(3,705,399)
Share of losses of associates		(70,215)	(246,667)	(211,956)	(414,443)
Finance costs		(944,917)	(1,595,342)	(8,520,894)	(3,195,538)
(Loss)/Profit before taxation	3	(32,741,643)	25,257,537	(36,812,160)	54,840,165
Income tax expense	4	(576,338)	(1,580,246)	(1,091,978)	(5,834,096)
(Loss)/Profit for the period		(33,317,981)	23,677,291	(37,904,138)	49,006,069
Other comprehensive (loss)/income:					
Currency translation differences		(8,070,468)	(372,805)	(9,744,774)	(1,167,243)
Other comprehensive (loss)/income for the period		(8,070,468)	(372,805)	(9,744,774)	(1,167,243)
Total comprehensive (loss)/income for the period		(41,388,449)	23,304,486	(47,648,912)	47,838,826

		For the three months ended 30 September		For the six months ended 30 September	
		2013	**2012**	**2013**	**2012**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
(Loss)/Profit attributable to:					
Equity holders of the Company		(27,714,176)	25,627,840	(32,327,469)	52,716,715
Non-controlling interests		(5,603,805)	(1,950,549)	(5,576,668)	(3,710,646)
		(33,317,981)	23,677,291	(37,904,137)	49,006,069
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(34,933,261)	25,283,195	(41,747,373)	51,636,670
Non-controlling interests		(6,455,188)	(1,978,709)	(5,901,539)	(3,797,844)
		(41,388,449)	23,304,486	(47,648,912)	47,838,826
Dividend	*5*	–	–	–	–
Earnings per share	*6*				
Basic (HK cents per share)		(2.99)	2.76	(3.49)	5.68
Diluted (HK cents per share)		n/a	2.76	n/a	5.65

Condensed Consolidated Statement of Financial Position
As at 30 September 2013

	Notes	At 30 September 2013 HK$ (Unaudited)	At 31 March 2013 HK$ (Audited)
Non-current assets			
Intangible assets	7	528,147,291	533,000,000
Goodwill	8	245,754,367	229,884,229
Property, plant and equipment	9	75,804,957	50,632,022
Investment properties	10	70,398,841	74,000,000
Stallions		68,286,972	–
Interest in associate		277,334,002	277,545,958
		1,265,726,430	1,165,062,209
Current assets			
Inventories		93,558,964	25,436,616
Trade receivables	11	50,936,074	79,412,065
Prepayments, deposits and other receivables	12	30,934,302	17,971,873
Bank balances and cash		23,416,597	172,901,735
		198,845,937	295,722,289
Current liabilities			
Trade payables	13	12,117,468	7,710,773
Accruals and other payables		52,249,738	31,137,855
Deposits received		131,623	1,083,336
Convertible notes	15	43,370,184	45,123,469
Tax payables		2,234,078	3,724,988
		110,103,091	88,780,421

	Notes	At 30 September 2013 HK$ (Unaudited)	At 31 March 2013 HK$ (Audited)
Net current assets		88,742,846	206,941,868
Total asset less current liabilities		1,354,469,276	1,372,004,077
Non-current liabilities			
Amount due to a shareholder	*14*	25,350,000	25,350,000
Long-term borrowing		30,114,110	–
Promissory note	*16*	140,000,000	140,000,000
Deferred tax	*17*	126,156,560	126,156,560
		321,620,670	291,506,560
		1,032,848,606	1,080,497,517
Capital and reserves			
Share capital	*18*	37,104,000	37,104,000
Reserves		814,156,206	855,903,578
Non-controlling interest		181,588,400	187,489,939
		1,032,848,606	1,080,497,517

Condensed Consolidation Interim Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to equity holders of the Company										
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Convertible Notes Reserve	Exchange Translation Reserve	Accumulated Profits/ (Loss)	Sub-total	Non-Controlling Interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2012 (Audited)	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,627,242)	395,375,807	1,224,018,763	395,886,575	1,619,905,338
Profit for the six months ended 30 September 2012	–	–	–	–	–	–	–	52,716,715	52,716,715	(2,357,249)	50,359,466
Other comprehensive income:											
Currency translation differences	–	–	–	–	–	–	388,799	–	388,799	(2,202,611)	(1,813,812)
Total comprehensive income for the six months ended 30 September 2012	–	–	–	–	–	–	388,799	52,716,715	53,105,514	(4,559,860)	48,545,654
At 30 September 2012 (Unaudited)	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,238,443)	448,092,522	1,277,124,277	391,326,715	1,668,450,992
At 1 April 2013 (Audited)	137,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(7,749,706)	67,832,347	893,007,579	187,489,939	1,080,497,518
Profit for the six months ended 30 September 2013	–	–	–	–	–	–	–	(32,327,469)	(32,327,469)	(5,576,668)	(37,904,137)
Other comprehensive income:											
Currency translation differences	–	–	–	–	–	–	(9,419,904)	–	(9,419,904)	(324,871)	(9,744,775)
Total comprehensive income for the six months ended 30 September 2013	–	–	–	–	–	–	(9,419,904)	(32,327,469)	(41,747,373)	(5,901,539)	(47,648,912)
At 30 September 2013 (Unaudited)	37,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(17,169,610)	35,504,878	851,260,206	181,588,400	1,032,848,606

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2013

	For the six months ended 30 September	
	2013	**2012**
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Net cash (used in)/ from operating activities	(56,834,160)	77,372,670
Net cash (used in) investing activities	(122,264,081)	(30,278,626)
Net cash from/(used in) financing activities	30,114,110	(22,395)
Net (decrease)/increase in cash and cash equivalent	(148,984,131)	47,071,649
Cash and cash equivalent at the beginning of the period	172,901,735	57,501,651
Effect of exchange rate changes	(501,007)	(31,166)
Cash and cash equivalent at the ended of the period	23,416,597	104,542,134

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 2013.

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 2010, 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 2013.

The unaudited consolidated results of the Group for the six months ended 30 September 2013 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 five business segments – computer software solution and services, hotel services, equine services, mining and others.

Segment Information

For the period ended 30 September 2013 (Unaudited)

	Computer software solution and services *HK$*	Hotel services *HK$*	Equine services *HK$*	Mining services *HK$*	Others *HK$*	Consolidated *HK$*
Turnover						
External sales	49,357,370	18,889,725	10,440,843	–	–	78,687,938
Result						
Segment result	24,955,301	(4,228,867)	(29,016,656)	(9,807,908)	(5,198,485)	(23,296,615)
Unallocated corporate income						9,741
Unallocated corporate expenses						(5,004,393)
Finance cost						(8,520,894)
Profit before tax						(36,812,161)
Income tax expense						(1,091,977)
Loss for the period						(37,904,138)

For the period ended 30 September 2012 (Unaudited)

	Computer software solution and services	**Hotel services**	**Equine services**	**Mining services**	**Others**	**Consolidated**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover						
External sales	74,996,989	42,592,213	–	–	–	117,589,202
Result						
Segment result	58,404,944	23,501,480	–	(13,103,792)	(8,158,568)	60,644,064
Unallocated corporate income						76
Unallocated corporate expenses						(2,608,848)
Finance cost						(3,195,127)
Profit before tax						54,840,165
Income tax expense						(5,834,096)
Profit for the period						49,006,069

Geographical segments

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

Revenue from external customers

	For the six months ended 30 September	
	2013	**2012**
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Hong Kong	29,407,370	59,719,989
The Philippines	18,889,725	42,592,213
Macau	19,950,000	–
Australia	10,440,843	15,277,000
	78,687,938	117,589,202

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

	Non-current assets	
	2013	2012
	HK$	*HK$*
Hong Kong	481,840,911	652,422,813
The Philippines	125,187,016	162,593,381
Indonesia	540,137,358	1,104,930,092
Macau	133,003	152,815
Australia	118,428,141	–
	1,265,726,429	1,920,099,101

3. 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	
	2013	2012	2013	2012
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Employee benefits expense including those of directors				
– wages, salaries and others	11,349,896	9,772,918	21,507,709	18,770,123
Depreciation for property, plant and equipment				
– owned assets	3,137,688	3,186,594	5,847,202	5,096,768
– finance lease assets	–	1,962	–	18,401
Interest income	609,725	298,683	622,092	599,645

4. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2012: 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	
	2013	2012	2013	2012
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Over-provision in prior year				
– Overseas taxation	–	(926,350)	(9,634)	(926,350)
Current income tax				
– Hong Kong profits tax	535,892	2,489,573	1,101,612	6,745,448
– Overseas taxation	40,446	17,023	–	14,998
	576,338	1,580,246	1,091,978	5,834,096

5. **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: 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 ended 30 September		For the six months ended 30 September	
	2013	**2012**	**2013**	**2012**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	(27,714,176)	25,627,840	(32,327,469)	52,716,715

	Number of shares		Number of shares	
	2013	**2012**	**2013**	**2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	927,600,000	927,600,000	927,600,000	927,600,000
Effect of dilutive potential ordinary shares:				
share options	–	–	–	5,880,380
Weighted average number of ordinary shares for the purpose of diluted earnings per share	927,600,000	927,600,000	927,600,000	933,480,380

7. INTANGIBLE ASSETS

	Mining right
	HK$
	(Unaudited)
Valuation:	
Balance at 1 April 2013 and 30 September 2013	1,140,780,113
Exchange realignment	(4,862,421)
Balance at 30 September 2013	1,135,917,692
Amortisation:	
Balance at 1 April 2013	50,338,379
Provided during the period	–
Exchange realignment	(9,712)
Balance at 30 September 2013	50,328,667
Impairment:	
Balance at 1 April 2013	557,441,734
Provided during the period	–
Balance at 30 September 2013	557,441,734
Net book values:	
At 30 September 2013	528,147,291
At 1 April 2013	533,000,000

8. GOODWILL

	30 September 2013	31 March 2013
	HK$	*HK$*
Cost		
Balance at 1 April 2013/2012	510,685,062	510,685,062
Charge for the year	15,870,138	–
Balance at 30 September/31 March	526,555,200	510,685,062
Impairment		
Balance at 1 April 2013/2012	280,800,833	91,145,764
Charge for the year	–	189,655,069
Balance at 30 September/31 March	280,800,833	280,800,833
Carrying amounts		
At 30 September/31 March	245,754,367	229,884,229

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 2013 is allocated as follow:

	30 September 2013 *HK$*	**31 March 2013** *HK$*
Computer software solution and services	180,513,136	180,513,136
Hotel services	49,371,093	49,371,093
Equine breeding and agistment services	15,870,138	–
	245,754,367	229,884,229

9. PROPERTY, PLANT AND EQUIPMENT

	30 September 2013 *HK$* (Unaudited)	**31 March 2013** *HK$* (Audited)
Cost:		
Balance at 1 April 2013/2012	79,495,683	50,251,149
Additions	35,131,004	31,259,558
Disposals	(427,915)	(374,080)
Disposal of subsidiaries	–	(763,177)
Written off	–	(16,863)
Exchange realignment	(5,356,676)	(860,904)
Balance at 30 September/31 March	108,842,096	79,495,683
Depreciation:		
Balance at 1 April 2013/2012	28,863,661	17,950,065
Depreciation charge	5,847,202	11,828,426
Elimination upon disposal	(364,481)	(210,332)
Elimination upon disposal of subsidiaries	–	(624,492)
Written off	–	(14,854)
Exchange realignment	(1,309,243)	(65,152)
Balance at 30 September/31 March	33,037,139	28,863,661
Net book values:		
At 30 September/31 March	75,804,957	50,632,022

10. INVESTMENT PROPERTIES

	30 September 2013 *HK$*	31 March 2013 *HK$*
Fair value		
At 1 April 2013/2012	74,000,000	76,652,958
Foreign currency realignment	(3,601,159)	3,550,215
Net decrease in fair value recognised in profit or loss	–	(6,203,173)
At 30 September/31 March 2013	70,398,841	74,000,000

The fair value of the Group's investment properties at 31 March 2013 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Grant Sherman Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

	30 September 2013 *HK$*	31 March 2013 *HK$*
Properties in the Philippines under:		
Medium-term lease	70,398,841	74,000,000

All of the Group's property interests was held under operating leases to earn rentals or for capital appreciation purposes, are measured using the fair value model and are classified and accounted for as investment properties.

11. TRADE RECEIVABLES

The following is an aged analysis of trade receivables at the reporting date:

	30 September 2013 *HK$* (Unaudited)	31 March 2013 *HK$* (Audited)
Within 30 days	9,362,773	19,400,409
31–60 days	8,278,509	17,039,733
61–90 days	16,220,335	12,370,523
Over 90 days	17,074,457	30,601,400
	50,936,074	79,412,065

The average credit period on the trade receivables is 30–180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar.

The directors of the Company consider that no provision for impairment shall be made to trade receivables that are past due as the credit quality of the debtors are sound. The directors of the Company consider that the carrying amounts of the Group's trade receivables at 30 September 2013 approximate to their fair values.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2013 HK$ (Unaudited)	31 March 2013 HK$ (Audited)
Deposits	6,014,983	3,285,438
Prepayments	5,059,750	1,273,800
Other receivables	19,859,569	13,412,635
	30,934,302	17,971,873

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

13. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30 September 2013 HK$ (Unaudited)	31 March 2013 HK$ (Audited)
Within 30 days	4,487,961	5,562,425
31–90 days	5,674,151	191,848
91–120 days	6,812	20,972
Over 180 days	1,948,544	1,935,528
	12,117,468	7,710,773

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the year ended 30 September 2013, the average effective interest rate was 12.16% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

14. AMOUNT DUE TO A RELATED COMPANY/A SHAREHOLDER

The amount due to a related company/a shareholder is unsecured, interest free and repayable on demand.

The Directors consider that the carrying amount of amount due to a related company/a shareholder approximates its fair value.

15. CONVERTIBLE NOTES

The Group and the Company

On 8 December 2010, the Company issued a convertible notes with a principal amount of RMB130,000,000, which is interest bearing at 8% per annum, payable annually in arrears. The convertible notes due on 7 December 2013 is convertible into fully paid ordinary shares with a par value of HK$0.04 each of the Company at an initial conversion price of HK$2 per share, subject to adjustment. The effective interest rate is 8.54%. During the year ended 31 March 2013, part of the convertible note with a principal amount of RMB32,000,000 (2012: RMB65,000,000) was redeemed.

The convertible notes contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible notes reserve" and the redemption option is presented in current assets heading "derivative financial instruments".

The fair value of the liability component of the convertible notes at 30 September 2013 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan at the end of the reporting period.

	30 September 2013	**31 March 2013**
	HK$	*HK$*
	(Unaudited)	(Audited)
Balance at 1 April 2013/2012	45,123,469	81,347,650
Early redemption of convertible notes	–	(39,210,432)
Interest expenses paid	–	(3,201,900)
Interest expenses charged	–	5,713,406
Interest expenses payable	1,656,785	–
Change in fair value	–	109,017
Foreign currency realignment	(3,410,070)	365,728
	43,370,184	45,123,469

16. PROMISSORY NOTE

	30 September 2013	**31 March 2013**
	HK$	*HK$*
Non-current	140,000,000	140,000,000

At 30 September 2013, the promissory note was unsecured, interest free and will mature on 31 March 2015.

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

17. DEFERRED TAX

The following are major deferred tax liabilities recognised and movements thereon during the period/year:

	30 September 2013	**31 March 2013**
	HK$	*HK$*
	(Unaudited)	(Audited)
Balance at 1 April 2013/2012	126,156,560	265,516,992
Reversal for the period	–	(139,360,432)
Balance at 30 September/31 March	126,156,560	126,156,560

18. SHARE CAPITAL

	Number of ordinary shares	Amount *HK$*
Ordinary shares of		
Authorised:		
At 31 March/30 September 2013 (HK$0.04 each)	3,000,000,000	120,000,000
Issued and fully paid:		
At 31 March/30 September 2013	927,600,000	37,104,000

19. 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 30 September		For the six months ended 30 September	
	2013	**2012**	**2013**	**2012**
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	2,228,100	720,000	3,784,200	1,440,000
Post-employment benefits	22,300	12,750	51,700	25,500
	2,250,400	732,750	3,835,900	1,465,500

(C) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
Turnover	7	239,725,206	234,092,979
Direct costs		(64,406,554)	(39,369,324)
Gross profit		175,318,652	194,723,655
Other operating income	9	5,379,722	6,677,876
Administrative expenses		(82,182,090)	(74,145,603)
Amortization of intangible assets		–	(15,570,581)
Fair value change of derivative financial instruments	25	(979,514)	(4,038,397)
Fair value change of investment properties	19	(6,203,173)	–
Share of losses of associates	21	(995,233)	(1,458,809)
Loss on early redemption of convertible notes	32	(951,964)	(5,967,223)
Impairment loss on intangible assets	16	(557,441,734)	–
Impairment loss on goodwill	17	(189,655,069)	–
Gain on disposal of a subsidiary	36	61,315	–
Finance costs	10	(5,713,810)	(7,836,548)
(Loss)/profit before taxation		(663,362,898)	92,384,370
Income tax credit/(expense)	11	128,516,887	(11,152,410)
(Loss)/profit for the year	12	(534,846,011)	81,231,960
Other comprehensive loss:			
Currency translation differences		(216,549)	(7,866,750)
Total comprehensive (loss)/income for the year		(535,062,560)	73,365,210
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(327,543,460)	87,572,918
Non-controlling interests		(207,302,551)	(6,340,958)
		(534,846,011)	81,231,960

	Notes	2013 HK$	2012 HK$
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		(326,665,924)	80,703,378
Non-controlling interests		(208,396,636)	(7,338,168)
		(535,062,560)	73,365,210
(Loss)/earnings per share (HK cents per share)	*15*		
Basic		(35.31)	9.44
Diluted		(35.31)	8.87

Consolidated Statement of Financial Position
At 31 March 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Intangible assets	16	533,000,000	1,092,237,070
Goodwill	17	229,884,229	419,539,298
Property, plant and equipment	18	50,632,022	32,301,084
Investment properties	19	74,000,000	76,652,958
Interests in associates	21	277,545,958	278,541,191
		1,165,062,209	1,899,271,601
Current assets			
Inventories	22	25,436,616	42,163,142
Trade receivables	23	79,412,065	140,462,427
Prepayments, deposits and other receivables	24	17,971,873	18,502,500
Derivative financial instruments	25	–	1,931,478
Tax recoverable		–	552,342
Bank balances and cash		172,901,735	57,501,651
		295,722,289	261,113,540
Current liabilities			
Accruals and other payables	26	31,137,855	21,891,052
Trade payables	27	7,710,773	2,253,482
Deposits received		1,083,336	1,063,611
Amount due to a non-controlling shareholder of a subsidiary	28	–	25,350,000
Obligations under finance leases	29	–	22,395
Convertible notes	32	45,123,469	–
Promissory note	30	–	140,000,000
Tax payables		3,724,988	3,034,620
		88,780,421	193,615,160
Net current assets		206,941,868	67,498,380
Total assets less current liabilities		1,372,004,077	1,966,769,981

	Notes	2013 HK$	2012 HK$
Non-current liabilities			
Deferred taxation	*31*	126,156,559	265,516,993
Convertible notes	*32*	–	81,347,650
Promissory note	*30*	140,000,000	–
Amount due to a non-controlling shareholder of a subsidiary	*28*	25,350,000	–
		291,506,559	346,864,643
Net assets		1,080,497,518	1,619,905,338
Capital and reserves			
Share capital	*33*	37,104,000	37,104,000
Reserves		855,903,579	1,186,914,763
Equity attributable to equity holders of the Company		893,007,579	1,224,018,763
Non-controlling interests		187,489,939	395,886,575
Total equity		1,080,497,518	1,619,905,338

Statement of Financial Position
At 31 March 2013

	Notes	2013	2012
			(Restated)
		HK$	HK$
Non-current asset			
Investment in a subsidiary	20	–	–
Current assets			
Prepayments, deposits and other receivables	24	102,421	350,088
Amounts due from subsidiaries	20	1,168,626,631	1,162,146,294
Derivative financial instruments	25	–	1,931,478
Bank balances and cash		95,911,779	1,125,897
		1,264,640,831	1,165,553,757
Current liabilities			
Accruals and other payables	26	479,269	485,740
Amounts due to subsidiaries	20	258,734,726	110,989,450
Promissory note	30	–	140,000,000
Convertible notes	32	45,123,469	–
		304,337,464	251,475,190
Net current assets		960,303,367	914,078,567
Non-current liabilities			
Promissory note	30	140,000,000	–
Convertible notes	32	–	81,347,650
		140,000,000	81,347,650
Net assets		820,303,367	832,730,917
Capital and reserves			
Share capital	33	37,104,000	37,104,000
Reserves	34	783,199,367	795,626,917
Total equity		820,303,367	832,730,917

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to equity holders of the Company										
	Share Capital *HK$*	Share Premium *HK$*	Capital Redemption Reserve *HK$*	Merger Deficit *HK$*	Share Options Reserve *HK$*	Convertible Notes Reserve *HK$*	Translation Reserve *HK$*	Retained Profits *HK$*	Sub-total *HK$*	Non-Controlling Interests *HK$*	Total *HK$*
At 1 April 2011	37,104,000	747,247,169	254,600	369,866	38,254,919	18,366,388	(1,757,702)	321,716,889	1,161,556,129	404,024,743	1,565,580,872
Profit for the year	–	–	–	–	–	–	–	87,572,918	87,572,918	(6,340,958)	81,231,960
Other comprehensive loss:											
Currency translation differences	–	–	–	–	–	–	(6,869,540)	–	(6,869,540)	(997,210)	(7,866,750)
Total comprehensive income for the year ended 31 March 2012	–	–	–	–	–	–	(6,869,540)	87,572,918	80,703,378	(7,338,168)	73,365,210
Dividend paid	–	–	–	–	–	–	–	(13,914,000)	(13,914,000)	–	(13,914,000)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(800,000)	(800,000)
Redemption of convertible notes	–	–	–	–	–	(4,326,744)	–	–	(4,326,744)	–	(4,326,744)
At 31 March 2012 and 1 April 2012	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,627,242)	395,375,807	1,224,018,763	395,886,575	1,619,905,338
Loss for the year	–	–	–	–	–	–	–	(327,543,460)	(327,543,460)	(207,302,551)	(534,846,011)
Other comprehensive loss:											
Currency translation differences	–	–	–	–	–	–	877,536	–	877,536	(1,094,085)	(216,549)
Total comprehensive loss for the year ended 31 March 2013	–	–	–	–	–	–	877,536	(327,543,460)	(326,665,924)	(208,396,636)	(535,062,560)
Redemption of convertible notes	–	–	–	–	–	(4,345,260)	–	–	(4,345,260)	–	(4,345,260)
At 31 March 2013	37,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(7,749,706)	67,832,347	893,007,579	187,489,939	1,080,497,518

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$	2012 (Restated) HK$
Operating activities			
(Loss)/profit before taxation		(663,362,898)	92,384,370
Amortization of intangible assets		–	15,570,581
Depreciation		11,828,426	7,866,244
Effective interest expense on convertible notes		5,713,406	7,827,757
Fair value change of derivative financial instruments		979,514	4,038,397
Interest income		(1,196,360)	(1,222,787)
Interest on finance leases		404	8,791
Loss on early redemption of convertible notes		951,964	5,967,223
Share of losses of associates		995,233	1,458,809
Written off of property, plant and equipment		2,009	435,181
Fair value change on convertible notes		109,017	–
Impairment loss on goodwill		189,655,069	–
Impairment loss on intangible assets		557,441,734	–
Fair value change of investment properties		6,203,173	–
Gain on disposal of a subsidiary	36	(61,315)	–
Gain on disposal of property, plant and equipment		(30,846)	–
Operating cash flows before working capital change		109,228,530	134,334,566
Decrease/(increase) in inventories		15,510,552	(20,096,225)
Decrease/(increase) in trade receivables, prepayments, deposits and other receivables		63,936,641	(70,342,472)
Increase in trade payables, accruals, other payables and deposits received		15,107,248	1,714,483
Cash generated from operations		203,782,971	45,610,352
Income tax paid		(9,600,837)	(14,162,402)
Net cash inflow from operating activities		194,182,134	31,447,950

	Notes	2013 HK$	2012 (Restated) HK$
Investing activities			
Proceeds from disposal of property, plant and equipment		194,594	–
Purchase of property, plant and equipment		(31,259,558)	(10,941,105)
Purchase of investment properties		–	(188,638)
Proceeds from disposal of a subsidiary	*36*	200,000	–
Interest received		17,901	37,247
Net cash used in investing activities		(30,847,063)	(11,092,496)
Financing activities			
Repayment of obligation under finance leases		(22,395)	(102,542)
Payment for early redemption of convertible notes		(43,555,692)	(83,323,693)
Payment for interest of convertible notes		(3,201,900)	(12,138,983)
Payment for interest on finance leases		(404)	(8,791)
Dividend paid		–	(14,714,000)
Net cash used in financing activities		(46,780,391)	(110,288,009)
Net increase/(decrease) in cash and cash equivalents		116,554,680	(89,932,555)
Cash and cash equivalents at beginning of the year		57,501,651	147,144,130
Effect of changes in exchange rate, net		(1,154,596)	290,076
Cash and cash equivalents at end of the year		172,901,735	57,501,651
Analysis of the balance of cash and cash equivalents Bank balances and cash		172,901,735	57,501,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the reporting date, the ultimate holding company of the Company (the "Ultimate Holding Company") is First Cheer Holdings Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 20.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group's financial period beginning 1 April 2012.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

The adoption of the amendments had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRS 1 (Amendment)	Government Loans [b]
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities [b]
HKFRS 9	Financial Instruments [d]
HKFRS 10	Consolidated Financial Statements [b]
HKFRS 11	Joint Arrangements [b]
HKFRS 12	Disclosure of Interests in Other Entities [b]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance [b]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities [c]
HKFRS 13	Fair Value Measurement [b]
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income [a]
HKAS 19 (2011)	Employee Benefits [b]
HKAS 27 (2011)	Separate Financial Statements [b]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [b]
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities [c]
HK(IFRIC) – lnt 20	Stripping Costs in the Production Phase of a Surface Mine [b]
Annual Improvements Project	Annual Improvements 2009-2011 Cycle [b]

(a) Effective for annual periods beginning on or after 1st July 2012.

(b) Effective for annual periods beginning on or after 1st January 2013.

(c) Effective for annual periods beginning on or after 1st January 2014.

(d) Effective for annual periods beginning on or after 1st January 2015.

The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income/income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted (please describe how the adjustment to non-controlling interests is determined) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal) groups that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and contingent liabilities recognised.

(c) Goodwill

Goodwill arising on an acquisition of a subsidiary is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period.

If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss for the period in which the property is derecognised.

(e) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Buildings	2.5%
Computer equipment	30%
Office equipment	20%
Furniture and fixtures	20%
Machine equipment	20%
Motor vehicles	20%
Yacht	20%
Leasehold improvements	4% to 20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the profit or loss.

When an item of property, plant and equipment is transferred to investment property, following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the consolidated income. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and accumulated impairment losses. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

(g) Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised on the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(h) Inventories

Inventories represent work in progress purchased for re-sale. Inventories are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods, comprising raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, are determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Film in progress represents films and televisions drama series under production and is stated at cost incurred to date, less any identified impairment loss. Cost is transferred to film rights upon completion.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in the profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of financial assets and its determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debts instruments, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

(iv) the disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that are correlate with default on receivables.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual Interest in the assets of the Group after deducting all of its liabilities. Equity instrument issued by the Group are recognised at the proceeds received, net direct issued costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expenses is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Convertible notes

Convertible notes issued by the Company that contain liability, conversion option and early redemption option are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate of similar non-convertible instruments. At the date of issue, both the liability and early redemption option components are measured at fair value. In subsequent periods, the liability component of the convertible notes is recorded at amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

Other financial liabilities (including accruals and other payables, deposit received, and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the profit or loss.

Financial liabilities are derecognised when and only when, the Group's obligation specified in the relevant contract are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the profit or loss.

(j) Borrowing costs

All borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold and service provided in the normal course of business, net of discounts and sale related taxes.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

Revenue from License of distribution rights over films is recognised when the Group's entitlement to such payments has been established when the notice of delivery is served to the customer.

Film distribution fee income is recognised when the master materials have been delivered.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term except where an alternative basis is more representative of the pattern of benefit to be derived from the operating lease. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Rental income exclude business tax or other sales related taxes.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-ling basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

(o) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in (in other comprehensive income), in which cases, the exchange differences are also recognised directly in (in other comprehensive income).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period, income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the translation reserve.

(p) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income on a straightline basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged during the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires when it is released directly to retained profits) with the fair value of goods and services received.

(q) Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(s) Related parties

1. A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

2. An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   (vi) The entity is controlled or jointly controlled by a person identified in note 3(s)(1).

   (vii) A person identified in note 3(s)(1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less that its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimate Income tax and deferred tax

The Group is subject to income taxes mainly in the Indonesia, Philippines, and Hong Kong. Significant estimates are required in determining the amount of the provision for income tax and the time of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised to be probable that future taxable profit will be available against which the temporary difference or tax losses can be utilised. The out come of their actual utilisation may be difference.

Deferred tax liabilities are recognised for the impairments assets in excess of related depreciations in the Indonesia and any change in estimates would affect the profit or loss in future years.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation record. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in company of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each of company asset. For instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount written is charged against the results of operations.

Estimated impairment of trade receivables

The policy for impairment loss in respect of trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Fair value of investment properties

As described in note 19, investment properties were stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Impairment of other intangible assets

The carrying amounts of other intangible assets are reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines the recoverable amount of the assets based on the estimations of future expected cash flows from the usage of these assets and a suitable discount rate. Where the future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for other intangible assets are disclosed in Note 16.

Estimated Impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(c). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. Details of the recoverable amount calculation for goodwill are disclosed in Note 17.

Fair value of derivatives financial instruments

The management of the Group uses their judgments in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

For derivatives financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. The carrying amounts of these derivatives financial instruments are HK$Nil (2012: HK$1,931,478). The directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$	*HK$*
Financial assets		
Loans and receivables (including bank balances and cash)	270,285,673	216,466,578
Derivative financial instruments	–	1,931,478
	270,285,673	218,398,056
Financial liabilities		
Amortised cost	249,322,097	270,864,579

(b) Financial risk management objectives and policies

The Group's major financial instruments include promissory note, convertible notes, trade receivables, bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Market risk

(i) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the rental income are denominated in Hong Kong dollars (HK$), Renminbi ("RMB"), the Philippines Peso ("PESO") and the Indonesian Rupiah ("IDR"). The conversion of RMB into other currencies is subjected to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, PESO and IDR. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2013	2012
	HK$	*HK$*
Assets		
PESO	38,288,889	46,098,818
RMB	189,655	1,276,399
IDR	5,364,867	5,267,146

	2013	2012
	HK$	*HK$*
Liabilities		
PESO	10,321,000	2,057,455
RMB	45,123,469	52,838,500
IDR	15,557,276	12,555,554

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against the Hong Kong dollars. For a 5% weakening of the relevant currencies against the Hong Kong dollars, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2013	2012
	HK$	*HK$*
Impact of PESO		
Profit or (loss)	1,398,394	2,202,068
Impact of RMB		
Profit or (loss)	(2,246,691)	(2,578,105)
Impact of IDR		
Profit or (loss)	(509,620)	(364,420)

(ii) *Cash flow interest rate risk*

The Group's exposure to changes in interest rates is minimal as the Group had no material fixed rate financial liabilities as at 31 March 2013 and 2012.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

As at 31 March 2013 and 2012, a reasonably possible change of 50 basis-points interest rates on borrowing would have no material impact of the Group's results for the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2013 in relation to each class of recognised financial assets are the carrying amount of those asset as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of obligations under finance leases and promissory note and thus the liquidity requirement are provided to management for review periodically. Management will contact the borrowers for renewals of obligations under finance leases and promissory note whenever necessary. The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group can be required to pay, was as follow:

	Effective interest rate	Within 1 year	Within 2 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
2013						
Non-derivative financial assets						
Trade receivables	–	79,412,065	–	–	79,412,065	79,412,065
Prepayments, deposits and other receivables	–	17,971,873	–	–	17,971,873	17,971,873
Bank balances and cash	–	172,901,735	–	–	172,901,735	172,901,735
		270,285,673	–	–	270,285,673	270,285,673
2012						
Non-derivative financial assets						
Trade receivables	–	140,462,427	–	–	140,462,427	140,462,427
Prepayments, deposits and other receivables	–	18,502,500	–	–	18,502,500	18,502,500
Bank balances and cash	–	57,501,651	–	–	57,501,651	57,501,651
		216,466,578	–	–	216,466,578	216,466,578

	Effective interest rate	Within 1 year *HK$*	Within 2 to 5 years *HK$*	Over 5 years *HK$*	Total undiscounted cash flow *HK$*	Carrying amount *HK$*
2013						
Non-derivative financial liabilities						
Accruals and other payables	–	31,137,855	–	–	31,137,855	31,137,855
Trade payables	–	7,710,773	–	–	7,710,773	7,710,773
Amount due to a non-controlling shareholder of a subsidiary	–	–	25,350,000	–	25,350,000	25,350,000
Obligation under finance leases	–	–	–	–	–	–
Promissory note	–	–	140,000,000	–	140,000,000	140,000,000
Convertible notes	8.54%	45,123,469	–	–	45,123,469	45,123,469
		83,972,097	165,350,000	–	249,322,097	249,322,097
2012						
Non-derivative financial liabilities						
Accruals and other payables	–	21,891,052	–	–	21,891,052	21,891,052
Trade payables	–	2,253,482	–	–	2,253,482	2,253,482
Amount due to a non-controlling shareholder of a subsidiary	–	25,350,000	–	–	25,350,000	25,350,000
Obligation under finance leases	12.20%	22,395	–	–	22,395	22,395
Promissory note	–	140,000,000	–	–	140,000,000	140,000,000
Convertible notes	8.54%	–	81,347,650	–	81,347,650	81,347,650
		189,516,929	81,347,650	–	270,864,579	270,864,579

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quotes prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

	31 March 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Derivative financial instruments	–	–	–	–

	31 March 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Derivative financial instruments	–	–	1,931,478	1,931,478

6. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Directors actively and regularly reviewed and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from 2011.

During the year ended 31 March 2013 the capital structure of the Group mainly consists of debts, which include amount due to a non-controlling shareholder of a subsidiary, convertible notes, promissory note, bank balances and cash, and equity attributable to equity holders, comprising issued capital and reserves. The Directors consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios as at 31 March 2013 and 2012 were as follows:

	2013	**2012**
		(Restated)
	HK$	*HK$*
Borrowings	210,473,469	246,697,650
Total equity	1,080,497,518	1,619,905,338
Gearing ratio	19%	15%

7. TURNOVER

Turnover represents the aggregate of amounts received and receivable from (i) services provided to customers; (ii) goods sold to customers and (iii) rental income and is analysed as follows:

	2013	**2012**
	HK$	*HK$*
Computer software solution and services income	140,214,793	142,345,748
Hotel services income	85,172,407	83,960,712
Mining services income	9,697,641	7,696,108
Entertainment operations	4,640,365	90,411
	239,725,206	234,092,979

8. SEGMENT INFORMATION

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

Business segments

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

For management purposes, the Group is currently organised into four business segments as follows:

Computer software solution and services	–	provision of computer hardware and software services
Hotel services	–	provision of hotel operation and management services
Mining services	–	provision of mining iron ores and minerals
Entertainment operations	–	production and distribution of motion pictures and model agency services and provision of other film related services

Statement of comprehensive income
For the year ended 31 March 2013

	Computer software solution and services *HK$*	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Others *HK$*	Total *HK$*
Turnover						
External sales	140,214,793	85,172,407	9,697,641	4,640,365	–	239,725,206
(Loss)/Earning before interest, tax, depreciation and amortization	(58,022,159)	12,929,033	(568,297,764)	(12,014,571)	(13,246,317)	(638,651,778)
Amortization of intangible assets	–	–	–	–	–	–
Depreciation	(930,435)	(2,336,260)	(3,195,329)	(5,686)	(5,360,716)	(11,828,426)
Finance costs	–	–	(404)	–	–	(404)
Result						
Segment result	(58,952,594)	10,592,773	(571,493,497)	(12,020,257)	(18,607,033)	(650,480,608)
Unallocated corporate income						560
Unallocated corporate expenses						(7,169,444)
Finance costs						(5,713,406)
Loss before tax						(663,362,898)
Income tax credit						128,516,887
Loss for the year						(534,846,011)

Consolidated balance sheet
As at 31 March 2013

	Computer software solution and services *HK$*	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Others *HK$*	Total *HK$*
Assets						
Segment assets	284,319,672	167,962,547	593,173,306	9,303,175	310,011,598	1,364,770,298
Unallocated corporate assets						96,014,200
Consolidated total assets						1,460,784,498
Liabilities						
Segment liabilities	3,036,301	13,151,588	173,875,173	4,469,029	152,151	194,684,242
Unallocated corporate liabilities						185,602,738
Consolidated total liabilities						380,286,980

Statement of comprehensive income
For the year ended 31 March 2012

	Computer software solution and services *HK$*	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Others *HK$*	Total *HK$*
Turnover						
External sales	142,345,748	83,960,712	7,696,108	90,411	–	234,092,979
Earning before interest, tax, depreciation and amortization	110,281,750	45,653,626	(4,235,972)	(52,244)	(12,394,818)	139,252,342
Amortization of intangible assets	–	–	(15,570,581)	–	–	(15,570,581)
Depreciation	(866,530)	(2,529,991)	(3,359,661)	(11,852)	(1,098,210)	(7,866,244)
Finance costs	–	–	(8,791)	–	–	(8,791)
Result						
Segment result	109,415,220	43,123,635	(23,175,005)	(64,096)	(13,493,028)	115,806,726
Unallocated corporate income						6,125
Unallocated corporate expenses						(15,600,724)
Finance costs						(7,827,757)
Profit before tax						92,384,370
Income tax expense						(11,152,410)
Profit for the year						81,231,960

Consolidated balance sheet
As at 31 March 2012

	Computer software solution and services *HK$*	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Others *HK$*	Total *HK$*
Assets						
Segment assets	150,646,864	210,585,808	1,152,205,976	16,861,618	626,677,412	2,156,977,678
Unallocated corporate assets						3,407,463
Consolidated total assets						2,160,385,141
Liabilities						
Segment liabilities	4,092,879	2,892,965	311,543,090	37,216	80,263	318,646,413
Unallocated corporate liabilities						221,833,390
Consolidated total liabilities						540,479,803

Geographical segments

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

	2013	**2012**
		(Restated)
	HK$	*HK$*
Hong Kong	102,728,158	128,431,159
Macau	42,127,000	14,005,000
The Philippines	85,172,407	83,960,712
Indonesia	9,697,641	7,696,108
	239,725,206	234,092,979

The following table provides an analysis of the Group's non-current assets by reference to the geographical area in which they are located:

	2013	**2012**
		(Restated)
	HK$	*HK$*
Hong Kong	488,265,437	624,880,951
Macau	131,509	139,886
The Philippines	127,825,545	161,750,646
Indonesia	548,839,718	1,112,500,118
	1,165,062,209	1,899,271,601

9. OTHER OPERATING INCOME

	2013	**2012**
	HK$	*HK$*
Other operating income comprised of the followings:		
Interest income	1,196,360	1,222,787
Sundry income	1,709,119	4,361,583
Exchange gain	2,443,397	1,093,506
Gain on disposal of property, plant and equipment	30,846	–
	5,379,722	6,677,876

10. FINANCE COSTS

	2013	2012
	HK$	*HK$*
Finance costs comprised of the followings:		
Interest on finance leases	404	8,791
Effective interest expense on convertible notes	5,713,406	7,827,757
	5,713,810	7,836,548

11. INCOME TAX CREDIT/(EXPENSE)

	2013	2012
	HK$	*HK$*
The credit/(expense) comprises:		
Current tax:		
Hong Kong Profits Tax	(8,195,228)	(14,905,241)
Other than Hong Kong	(2,648,319)	(139,814)
	(10,843,547)	(15,045,055)
Deferred tax:		
Reversal of deferred tax liability	139,360,434	3,892,645
Income tax credit/(expense) for the year	128,516,887	(11,152,410)

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax credit/(expense) for the year can be reconciled to the (loss)/profit before taxation per the consolidated statement of comprehensive income as follows:

	2013	2012
		(Restated)
	HK$	*HK$*
(Loss)/profit before taxation	(663,362,898)	92,384,370
Tax at the Hong Kong Profits tax rate of 16.5%	109,454,878	(15,243,422)
Tax effect of income not taxable for tax purposes	8,321,636	9,311,498
Tax effect of expenses not deductible for tax purposes	(39,430,845)	(10,854,651)
Overprovision/(underprovision) of prior years	2,102	(8,250)
Effect of different tax rate for subsidiaries operating in other jurisdictions	52,714,562	(139,814)
Tax effect of tax losses not recognised	(2,474,478)	1,710,471
Effect of unrecognised temporary differences	(70,968)	4,071,758
Income tax credit/(expense) for the year	128,516,887	(11,152,410)

12. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	2013 *HK$*	2012 *HK$*
Staff costs:		
Directors' emoluments	3,385,009	3,765,994
Salaries and other benefits	38,265,152	36,880,070
Retirement benefit scheme contributions (excluding directors)	866,721	669,886
Total employees benefit expenses	42,516,882	41,315,950
Amortization of intangible assets	–	15,570,581
Depreciation on property, plant and equipment		
– owned assets	11,828,426	7,843,379
– financial leases assets	–	22,865
Cost of inventories recognised as an expense	2,886,157	2,281,024
Fair value change on convertible notes	109,017	–
Auditor's remuneration	1,339,549	1,294,047

and after crediting:

	2013 *HK$*	2012 *HK$*
Gross rental income from investment properties	79,350,882	77,647,646

13. DIRECTORS' AND EMPLOYEE EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each director for the year ended 31 March 2013 and 2012 were as follows:

	Directors fee		Salaries and other benefits		Retirement benefits scheme contributions		Total	
	2013 *HK$*	2012 *HK$*	2013 *HK$*	2012 *HK$*	2013 *HK$*	2012 *HK$*	2013 *HK$*	2012 *HK$*
Executive directors								
Mr. Chau Cheok Wa	–	–	391,959	60,000	14,500	–	406,459	60,000
Mr. Lee Chi Shing, Caesar	–	–	1,338,675	1,170,000	14,500	12,000	1,353,175	1,182,000
Ms. Cheng Mei Ching	–	–	1,113,800	1,040,000	14,500	12,000	1,128,300	1,052,000
Ms. Yeung So Lai	–	–	131,000	1,010,000	6,075	11,000	137,075	1,021,000
	–	–	2,975,434	3,280,000	49,575	35,000	3,025,009	3,315,000
Independent non-executive directors								
Mr. Ng Tat Fai###	–	36,000	–	–	–	–	–	36,000
Mr. Poon Lai Yin Michael####	–	60,800	–	–	–	–	–	60,800
Mr. Wang Zhigang*	120,000	114,194	–	–	–	–	120,000	114,194
Mr. Tou Kin Chuen*	120,000	120,000	–	–	–	–	120,000	120,000
Mr. Chan Tin Lup Trevor*	120,000	120,000	–	–	–	–	120,000	120,000
	360,000	450,994	–	–	–	–	360,000	450,994
Total	360,000	450,994	2,975,434	3,280,000	49,575	35,000	3,385,009	3,765,994

* appointed on 14 March 2011

resigned on 29 June 2011

resigned on 1 September 2011

(b) Employees' emoluments

Of the five individual with the highest emoluments in the Group, two (2012: three) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining three (2012: two) individuals were as follows:

	2013	2012
	HK$	*HK$*
Salaries and other benefits	1,623,700	1,020,000
Retirement benefit scheme contributions	43,500	24,000
Share options granted	–	–
	1,667,200	1,044,000

The emoluments were within the following bands:

	Number of employees	
	2013	2012
Nil-HK$1,000,000	3	2
HK$1,000,001-HK$1,500,000	2	3

During the year ended 31 March 2013 and 2012, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments during the years ended 31 March 2013 and 2012.

14. DIVIDENDS

No final dividend was proposed by the Directors for the year ended 31 March 2013 (2012: Nil).

15. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	HK$	*HK$*
(Loss)/earnings		
(Loss)/earnings attributable to equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share	(327,543,460)	87,572,918

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	927,600,000	927,600,000
Effect of dilutive potential ordinary shares:		
Share options *(Note 1)*	–	59,252,518
Convertible notes *(Note 2)*	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	927,600,000	986,852,518

Notes:

(1) The computation of the diluted loss per share for the year ended 31 March 2013 does not assume the exercise of Company's outstanding share options since their assumed exercise would result in a decrease in loss per share for the year.

(2) The computation of diluted (loss)/earnings per share for the year ended 31 March 2013 and 2012, respectively does not assume the conversion of the outstanding convertible notes as their assumed conversion would result in a decrease in loss per share for 2013 and increase in earnings per share for 2012 respectively.

16. INTANGIBLE ASSETS

The Group

	Mining rights *HK$*
Cost	
At 1 April 2011	1,110,342,537
Transfer from exploration and evaluation assets	33,777,360
Foreign currency realignment	(1,540,855)
At 31 March 2012 and 1 April 2012	1,142,579,042
Foreign currency realignment	(1,798,929)
At 31 March 2013	1,140,780,113
Amortization and impairment	
At 1 April 2011	34,774,241
Charge for the year	15,570,581
Foreign currency realignment	(2,850)
At 31 March 2012 and 1 April 2012	50,341,972
Foreign currency realignment	(3,593)
Impairment loss recognised in profit or loss	557,441,734
At 31 March 2013	607,780,113
Carrying amount	
At 31 March 2013	533,000,000
At 31 March 2012	1,092,237,070

The intangible assets of the Group represent the mining rights acquired in year 2010 with respect to the mines situated at Indonesia.

Impairment testing of intangible assets

During the year ended 31 March 2013, the directors of the Group appointed an independent professional valuer, Roma Appraisals Limited, to perform a mining rights valuation with respect to mines situated at Padang and Ende, Indonesia and impairment loss amounting to HK$557,441,734 (2012: HK$Nil) has been recognised according to the shortfall between the recoverable amount and the aggregate carrying amounts of the mining rights (being the Cash Generating Unit to which the mining unit has been allocated) based on the valuation report. The value in use calculation is based on a discount rate of 18.81% (2012: 20.04%) and cash flow projections prepared from the financial forecasts approved by the directors of the Group covering a 8-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Group's past performance on mining services and management's expectations for the market development.

17. GOODWILL

The Group

	HK$
Cost	
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	510,685,062
Impairment	
At 1 April 2011, 31 March 2012, and 1 April 2012	91,145,764
Charge for the year	189,655,069
At 31 March 2013	280,800,833
Carrying amount	
At 31 March 2013	229,884,229
At 31 March 2012	419,539,298

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 31 March 2013 is allocated as follow:

	2013	**2012**
	HK$	*HK$*
Computer software solution and services	180,513,136	340,238,822
Hotel services	49,371,093	79,300,476
	229,884,229	419,539,298

During the year ended 31 March 2013, the directors of the Group reassessed the recoverable amount of the Cash Generating Units ("CGU") of computer software solution and services and hotel services with reference to the valuation performed by Messrs. Asset Appraisal Limited and Grant Sherman Appraisal Limited respectively, independent qualified professional valuers and determined that an impairment loss of HK$159,725,686 (2012: HK$Nil) on goodwill associated with the CGU of computer software solution and services and HK$29,929,383 (2012: HK$Nil) on goodwill associated with the CGU of hotel services were identified respectively.

The recoverable amount of the goodwill allocated to computer software solution and services segment was assessed by reference to value-in-use model which based on a five years cash flow projection approved by the directors of the Group with a zero growth rate (2012: zero). A discount rate of approximately 15% (2012: 15%) per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

The recoverable amount of the goodwill allocated to hotel services segment was assessed by reference to discounted cash flow model which based on 19.5 years cash flow projection approved by directors of the Group with a discount rate of 15.63% (2012: 16.42%) per annum for valuing the business enterprise of hotel services. The value of goodwill includes the value of assembled workforce. Key assumptions included there are no major changes in the existing political, legal and economic conditions in the Philippines where the hotel services segment carries its business. Other assumption included it has an operating period of the resort until 2032.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Computer equipment	Office equipment	Furniture and fixtures	Machine equipment	Motor vehicles	Yacht	Leasehold improvements	Construction in progress	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost										
At 1 April 2011	12,109,480	2,906,390	232,561	7,379,877	9,539,562	7,062,769	–	1,220,090	2,126,456	42,577,185
Additions	820,656	383,528	328,195	693,599	4,243,803	38,223	–	4,383,016	50,085	10,941,105
Written off	–	(93,300)	(20,770)	(300,525)	(23,088)	–	–	(665,125)	–	(1,102,808)
Transfer to investment properties	–	–	–	–	–	–	–	–	(1,087,153)	(1,087,153)
Foreign currency realignment	(587,198)	13,069	(142)	52,939	(551,753)	(20,561)	–	–	16,466	(1,077,180)
At 31 March 2012 and 1 April 2012	12,342,938	3,209,687	539,844	7,825,890	13,208,524	7,080,431	–	4,937,981	1,105,854	50,251,149
Additions	–	368,046	18,580	60,340	–	–	30,009,112	80,778	722,702	31,259,558
Disposals	–	–	–	–	–	(374,080)	–	–	–	(374,080)
Disposals of subsidiaries	–	–	–	–	–	(763,177)	–	–	–	(763,177)
Written off	–	(16,863)	–	–	–	–	–	–	–	(16,863)
Foreign currency realignment	(688,786)	85,289	(165)	332,140	(737,091)	96,491	–	–	51,218	(860,904)
At 31 March 2013	11,654,152	3,646,159	558,259	8,218,370	12,471,433	6,039,665	30,009,112	5,018,759	1,879,774	79,495,683
Depreciation										
At 1 April 2011	823,502	1,845,874	90,796	2,661,981	2,142,526	2,913,318	–	527,075	–	11,005,072
Charge for the year	506,961	780,634	92,975	1,553,587	2,638,418	1,423,303	–	870,366	–	7,866,244
Written off	–	(86,305)	(7,147)	(117,489)	(1,540)	–	–	(455,146)	–	(667,627)
Foreign currency realignment	(59,057)	7,787	(123)	19,147	(209,513)	(11,865)	–	–	–	(253,624)
At 31 March 2012 and 1 April 2012	1,271,406	2,547,990	176,501	4,117,226	4,569,891	4,324,756	–	942,295	–	17,950,065
Charge for the year	475,582	483,514	104,321	1,635,533	2,544,617	1,338,870	4,244,931	1,001,058	–	11,828,426
Elimination upon disposal	–	–	–	–	–	(210,332)	–	–	–	(210,332)
Elimination upon disposal of subsidiaries	–	–	–	–	–	(624,492)	–	–	–	(624,492)
Written off	–	(14,854)	–	–	–	–	–	–	–	(14,854)
Foreign currency realignment	(80,366)	75,126	(153)	184,791	(305,403)	60,853	–	–	–	(65,152)
At 31 March 2013	1,666,622	3,091,776	280,669	5,937,550	6,809,105	4,889,655	4,244,931	1,943,353	–	28,863,661
Carrying amount										
At 31 March 2013	9,987,530	554,383	277,590	2,280,820	5,662,328	1,150,010	25,764,181	3,075,406	1,879,774	50,632,022
At 31 March 2012 and 1 April 2012	11,071,532	661,697	363,343	3,708,664	8,638,633	2,755,675	–	3,995,686	1,105,854	32,301,084

At 31 March 2013, property, plant and equipment of the Group with carrying amount of HK$Nil (2012: HK$370,555) were held under finance leases.

19. INVESTMENT PROPERTIES

The Group

	(Restated) *HK$*
Fair value	
At 1 April 2011	74,797,984
Additions	188,638
Transfer from property, plant and equipment	1,087,153
Foreign currency realignment	579,183
At 31 March 2012 and 1 April 2012	76,652,958
Foreign currency realignment	3,550,215
Net decrease in fair value recognised in profit or loss	(6,203,173)
At 31 March 2013	74,000,000

The fair value of the Group's investment properties at 31 March 2013 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Messrs. Grant Sherman Appraisal Limited is members of Institute of Values. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

	2013 *HK$*	**2012** *HK$*
Properties in the Philippines under:		
Medium-term lease	74,000,000	76,652,958

All of the Group's property interests was held under operating leases to earn rentals or for capital appreciation purposes, are measured using the fair value model and are classified and accounted for as investment properties.

20. INVESTMENT IN A SUBSIDIARY

The Company

	2013 *HK$*	**2012** (Restated) *HK$*
Unlisted investment, at cost	567,874	567,874
Less: impairment loss	(567,874)	(567,874)
Investment in a subsidiary	–	–
Amounts due from subsidiaries	1,168,626,631	1,162,146,294
Amounts due to subsidiaries	(258,734,726)	(110,989,450)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

The following list contains only the particulars of the subsidiaries of the Company which, in the opinion of the directors, principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would in the opinion of the directors, result in particulars of excessive length. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly	Indirectly	Principal activities
				%	%	
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	100	–	Investment holding in Hong Kong
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	100	Provision of administrative services for the Group In Hong Kong
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding
Alliance Computer Services Limited	Hong Kong	Limited company	HK$200,000	–	97	Provision of computer software solution and services
Alliance Computer Systems Limited	Hong Kong	Limited company	HK$20,000	–	60	Provision of computer software solution and services
Superb Kings Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding
Gold Track Coal and Mining Limited	British Virgin Islands	Limited company	US$10,000	–	54	Trading and extraction of minerals and investment holding
Gold Track Mining and Resources Ltd	British Virgin Islands	Limited company	US$21,739	–	54	Trading and extraction of minerals and investment holding

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

21. INTERESTS IN ASSOCIATES

The Group

	2013	2012
		(Restated)
	HK$	*HK$*
Cost of unlisted investments	280,000,000	280,000,000
Share of post-acquisition losses	(2,454,042)	(1,458,809)
	277,545,958	278,541,191

Particulars of the Group's associates at 31 March 2013 are as follows:

Name of associate	Place of registration/ operation	Percentage of issued share capital/ registered capital held by the Group	Issued share capital/ registered capital	Principal activities
Yuet Sing Group Limited	British Virgin Islands	35%	USD50,000	Investment holding
日盛世紀（湖北）礦業有限公司	People's Republic of China	35%	RMB93,029,984	Mining operation

The summarised financial information in respect of the Group's associates is set out as follows:

	2013	2012
		(Restated)
	HK$	*HK$*
Total assets	821,814,792	822,042,387
Total liabilities	(28,826,341)	(26,210,413)
Net assets	792,988,451	795,831,974
Group's share of net assets	277,545,958	278,541,191
Total revenue	–	–
Losses for the year	(2,843,522)	(4,168,027)
Group's share of losses for the year	(995,233)	(1,458,809)

22. INVENTORIES

The Group

	2013	2012
	HK$	*HK$*
Film in progress	–	12,155,663
Work in progress	1,414,593	3,308,265
Finished goods	24,022,023	26,699,214
	25,436,616	42,163,142

All the inventories as at the reporting dates are carried at cost.

23. TRADE RECEIVABLES

The Group

The following is an aged analysis of trade receivables at the reporting date:

	2013	2012
	HK$	*HK$*
Within 30 days	19,400,409	18,278,065
31–60 days	17,039,733	17,577,050
61–90 days	12,370,523	18,128,257
Over 90 days	30,601,400	86,479,055
	79,412,065	140,462,427

The average credit period on the trade receivables is 30–180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar. The age of trade receivables which are past due but not impaired were as follows:

	2013	2012
	HK$	*HK$*
31–60 days	–	9,260,000
61–90 days	–	4,658,448
Over 90 days	659,105	–
	659,105	13,918,448

Trade receivables of HK$659,105 (2012: HK$13,918,448) that were past due for over 90 days (2012: 31–90 days) but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverability. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The Directors consider that the carrying amounts of the Group's trade receivables at the reporting date were approximate to their fair values.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	HK$	*HK$*	*HK$*	*HK$*
Deposits	3,285,438	7,674,405	–	–
Prepayments	1,273,800	2,810,005	33,333	342,388
Other receivables	13,412,635	8,018,090	69,088	7,700
	17,971,873	18,502,500	102,421	350,088

The Directors consider that the carrying amounts of the Group's prepayments, deposits and other receivables at the reporting date were approximate to their fair values.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	2013	**2012**
	HK$	*HK$*
Assets		
Redemption option derivative embedded in convertible notes		
At 1 April	1,931,478	11,939,750
Redemption during the year	(951,964)	(5,969,875)
Fair value change	(979,514)	(4,038,397)
At 31 March	–	1,931,478

Pursuant to the agreements in relation to the issuance of the convertible notes (Note 32), redemption options are held by the Company. The Company may at the Call Option Payment Dates, redeem the convertible notes with principal amount of up to the lesser of RMB65,000,000 or the remainder of the outstanding convertible notes.

The redemption option derivatives are carried at fair values at the end of the reporting year. The fair value of the redemption options derivatives embedded in the convertible notes is approximately HK$Nil (2012: HK$1,931,478) and are calculate using the Binomial Tree Pricing Model. Details of the variables and assumptions of the model are as follows:

Date of issue:	8 December 2010
Share price:	HK1.64
Conversion price:	HK2.00
Risk free interest rate:	3.24%
Expected volatility:	68.11%

The last Call Option Payment Dates is on 8 February 2013, no early call redemption from the Company is allowed after this date.

26. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	2013	2012
	HK$	*HK$*	*HK$*	*HK$*
Accruals	10,085,495	6,951,373	479,269	485,740
Other payables	21,052,360	14,939,679	–	–
	31,137,855	21,891,052	479,269	485,740

The Directors consider that the carrying amounts of the Group's and the Company's accruals and other payables at the reporting date were approximate to their fair values.

27. TRADE PAYABLES

The Group

The following is an aged analysis of trade payables at the reporting date:

	2013	2012
	HK$	*HK$*
Within 30 days	5,562,425	223,900
31–90 days	191,848	96,205
91–120 days	20,972	163
Over 180 days	1,935,528	1,933,214
	7,710,773	2,253,482

The average credit period on trade payables is 90 days (2012: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit timetable.

The Directors consider that the carrying amounts of the Group's trade payables at the reporting date were approximate to their fair values.

28. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The Group

This amount due is unsecured, non-interest bearing and has no fixed repayment terms. In the opinion of the directors, no part of the amount due will be repaid within twelve months as at 31 March 2013. Accordingly, the amount due is classified as non-current liability as at 31 March 2013.

29. OBLIGATIONS UNDER FINANCE LEASES

The Group

	Minimum lease payment		Present value of minimum lease payment	
	2013	**2012**	**2013**	**2012**
	HK$	*HK$*	*HK$*	*HK$*
Amount payable under finance lease				
Within one year	–	22,395	–	22,395
In the second to fifth year inclusive	–	–	–	–
	–	22,395	–	22,395
Less: Future finance charges	–	–	–	–
Present value of lease obligations	–	22,395	–	22,395
Less: Amount due within one year shown under current liabilities			–	22,395
Amount due after one year			–	–

It is the Group's policy to lease certain of its fixed assets under finance leases. The lease term is three years. For the year ended 31 March 2013, the average effective interest rate was nil% per annum (2012: 12.16% per annum). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

30. PROMISSORY NOTE

The Group and the Company

	2013	**2012**
	HK$	*HK$*
Current	–	140,000,000
Non-current	140,000,000	–
	140,000,000	140,000,000

On 31 March 2011, the Company issued a promissory note in aggregate principal amount of HK$140,000,000 as part of consideration for the acquisition of 日盛世紀(湖北)礦業有限公司. The promissory note was unsecured, interest free and originally mature on 30 March 2013. The Company renewed the promissory note with the note-holder to extend the maturity date of the promissory note to 31 March 2015 subsequently in 2013.

The promissory note may be assigned or transferred (in integral multiple of HK$500,000) to any third party (whether such party is a connected person to the Company or not) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principle amount at any time prior to the maturity date (i.e. 31 March 2015) by giving the note-holder not less than five business days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$500,000. Otherwise, the payment of principal and last interest payment of promissory note shall be made in full upon the maturity date.

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

31. DEFERRED TAXATION

The Group

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting years:

	HK$
Deferred tax liabilities in respect of intangible assets, investment properties and others	
At 1 April 2011	269,409,638
Reversal for the year	(3,892,645)
At 31 March 2012 and 1 April 2012	265,516,993
Reversal for the year	(139,360,434)
At 31 March 2013	126,156,559

32. CONVERTIBLE NOTES

The Group and the Company

On 8 December 2010, the Company issued convertible notes with a principal amount of RMB130,000,000, which is interest bearing at 8% per annum, payable annually in arrears. The convertible notes due on 7 December 2013 is convertible into fully paid ordinary shares with a par value of HK$0.04 each of the Company at an initial conversion price of HK$2 per share, subject to adjustment. The effective interest rate is 8.54%. During the year ended 31 March 2013, part of the convertible notes with a principal amount of RMB32,000,000 (2012: RMB65,000,000) was redeemed.

The convertible notes contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible notes reserve" and the redemption option is presented in current assets heading "derivative financial instruments" (Note 25) and was measured at fair value with changes in fair value recognised in profit and loss.

The fair value of the liability component of the convertible notes at 31 March 2013 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for and equivalent non-convertible loan at the end of the reporting period.

The convertible notes issued have been split as to the liability and equity components and redemption option, as follows:

	Equity component	Liability component
At 31 March 2011 and 1 April 2011	18,366,388	158,844,312
Early redemption of convertible notes *(note a)*	(4,326,744)	(78,996,949)
Interest expenses paid	–	(12,138,983)
Interest expenses charged	–	7,827,757
Foreign currency realignment	–	5,814,165
Gain on early redemption of convertible notes *(note a)*	–	(2,652)
At 31 March 2012 and 1 April 2012	14,039,644	81,347,650
Early redemption of convertible notes *(note b)*	(4,345,260)	(39,210,432)
Interest expenses paid	–	(3,201,900)
Interest expenses charged	–	5,713,406
Change in fair value	–	109,017
Foreign currency realignment	–	365,728
At 31 March 2013	9,694,384	45,123,469

Notes:

(a) On 31 October 2011, part of convertible notes was early redeemed by the Company. A net loss of HK$5,967,223 was derived from the gain on early redemption of liability component of convertible notes of approximately HK$2,652 and the loss on derecognition of derivative financial instruments of approximately HK$5,969,875.

The gain on early redemption of liability component of convertible notes is derived from the difference between the carrying amount of liability component of approximately HK$78,996,949 and the fair value of liability component of approximately HK$78,994,297.

(b) On 14 December 2012, part of convertible notes was early redeemed by the Company. A loss of HK$951,964 was derived from derecognition of derivative financial instruments (Note 25).

33. SHARE CAPITAL

	2013 *HK$*	2012 *HK$* (Restated)
Ordinary shares of HK$0.04 each		
Authorised:		
3,000,000,000 ordinary shares of HK$0.04 each	120,000,000	120,000,000
Issued and fully paid:		
927,600,000 ordinary shares of HK$0.04 each	37,104,000	37,104,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

34. RESERVES

The Company

	Share premium *HK$*	Contributed surplus *HK$*	Capital redemption reserve *HK$*	Share options reserve *HK$*	Convertible notes reserve *HK$*	Translation reserve *HK$*	Retained profit/ Accumulated losses *HK$*	Total *HK$*
As at 1 April 2011	747,247,169	367,874	254,600	38,254,919	18,366,388	(2,449,800)	27,484,846	829,525,996
Equity component of convertible notes	–	–	–	–	(4,326,744)	–	–	(4,326,744)
Exchange reserve	–	–	–	–	–	(5,835,979)	–	(5,835,979)
Dividend paid	–	–	–	–	–	–	(13,914,000)	(13,914,000)
Loss for the year	–	–	–	–	–	–	(9,822,356)	(9,822,356)
At 31 March 2012 and 1 April 2012	747,247,169	367,874	254,600	38,254,919	14,039,644	(8,285,779)	3,748,490	795,626,917
Equity component of convertible notes	–	–	–	–	(4,345,260)	–	–	(4,345,260)
Exchange reserve	–	–	–	–	–	–	–	–
Loss for the year	–	–	–	–	–	–	(8,082,290)	(8,082,290)
At 31 March 2013	747,247,169	367,874	254,600	38,254,919	9,694,384	(8,285,779)	(4,333,800)	783,199,367

35. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme").

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2013, the number of shares issuable under share options granted under the Share Option Plan was 231,000,000, which represented approximately 25% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

Category participants	Date of grant	Exercise price *HK$*	Exercise period	Number of share options: Outstanding at 1 April 2011	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2012	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2013
Mr. Chau Cheok Wa	25.11.2010	1.540	25.11.2010–24.11.2020	910,000	–	–	–	910,000	–	–	–	910,000
				910,000	–	–	–	910,000	–	–	–	910,000
Mr. Lee Chi Shing, Caesar	19.08.2008	1.140	19.08.2008–18.08.2018	8,380,000	–	–	–	8,380,000	–	–	–	8,380,000
	09.02.2010	0.900	09.02.2010–08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010–24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	9,150,000
				25,830,000	–	–	–	25,830,000	–	–	–	25,830,000
Ms. Cheng Mei Ching	09.02.2010	0.900	09.02.2010–08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010–24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	9,150,000
				17,450,000	–	–	–	17,450,000	–	–	–	17,450,000
Consultants in aggregate	13.08.2007	0.760	13.08.2007–12.08.2017	17,450,000	–	–	–	17,450,000	–	–	–	17,450,000
	17.08.2007	0.720	17.08.2007–16.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	21.08.2007	0.690	21.08.2007–20.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	19.08.2008	1.140	19.08.2008–18.08.2018	53,860,000	–	–	–	53,860,000	–	–	–	53,860,000
	27.08.2008	1.160	27.08.2008–26.08.2018	4,800,000	–	–	–	4,800,000	–	–	–	4,800,000
	16.12.2009	0.740	16.12.2009–15.12.2019	20,900,000	–	–	–	20,900,000	–	–	–	20,900,000
	25.11.2010	1.540	25.11.2010–24.11.2020	19,210,000	–	–	–	19,210,000	–	–	–	19,210,000
	07.12.2010	1.740	07.12.2010–06.07.2020	9,150,000	–	–	–	9,150,000	–	–	–	9,150,000
				144,570,000	–	–	–	144,570,000	–	–	–	144,570,000
Other employees in aggregate	19.08.2008	1.140	19.08.2008–18.08.2018	4,190,000	–	–	–	4,190,000	–	–	–	4,190,000
	16.12.2009	0.740	16.12.2009–15.12.2019	28,900,000	–	–	–	28,900,000	–	–	–	28,900,000
	25.11.2010	1.540	25.11.2010–24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	9,150,000
				42,240,000	–	–	–	42,240,000	–	–	–	42,240,000
				231,000,000	–	–	–	231,000,000	–	–	–	231,000,000

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) These fair values of the share options granted for the years ended were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group								
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000
Share price at grant date *(HK$)*	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74
Weighted average exercise price *(HK$)*	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2013 (2012: Nil). At 31 March 2013, the Company had 231,000,000 share options (2012: 231,000,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 231,000,000 (2012: 231,000,000) additional ordinary shares of HK$0.04 each (2012: HK$0.04 each) of the Company and additional share capital of HK$9,240,000 (2012: HK$9,240,000) and cash proceeds to the Company of HK$247,739,000 (2012: HK$247,739,000) (before share issue expenses).

36. DISPOSAL OF A SUBSIDIARY

On 3 October 2012, the Group disposal of its subsidiary, Galileo Funeral Services Limited. The net assets of Galileo Funeral Services Limited at the date of disposal were as follow:

	HK$
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	138,685
Net assets disposal of	138,685
Gain on disposal of subsidiary	
Cash consideration received	200,000
Net assets disposal of	(138,685)
Gain on disposal	61,315
Net cash inflow arising on disposal	
Cash consideration	200,000

37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,250 for each of its employees to the Scheme per month, which contribution is matched by employees.

38. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the reporting date, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	2013	**2012**
	HK$	*HK$*
Within one year	10,922,287	7,819,340
In the second to fifth year inclusive	21,086,332	13,087,170
After fifth year	84,053,580	44,153,715
	116,062,199	65,060,225

Leases and rentals are negotiated for an average term of three years.

39. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties during the year.

(a) The balance with a non-controlling shareholder of a subsidiary is disclosed in note 28.

(b) Key management personnel compensation

The key management personnel of the Group comprises all directors, details of their emoluments were disclosed in note 13a.

(c) Balances with related parties

	2013	**2012**
		(Restated)
	HK$	*HK$*
Included in Prepayments, deposits and other receivables		
Amount due from a related party which is controlled by Ms. Yeung So Lai, Ms. Cheng Mei Ching, Mr. Lee Chi Shing, Caesar and Mr. Chau Cheok Wa	1,203,287	–
Included in Prepayments, deposits and other receivables		
Amount due from a related party which is controlled by Ms. Yeung So Lai and Mr. Lee Chi Shing, Caesar	13,700	13,700

(d) Transactions with related parties

	2013	**2012**
	HK$	*HK$*
Included in Administrative expenses		
Advertising expenses paid to a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	1,000,000	–

The transactions with related parties were entered into in the ordinary course of business between the Group and its related parties on terms as mutually agreed.

40. EVENTS AFTER REPORTING PERIOD

i) Pursuant to the announcement dated 12 April 2013, the Group announced that a lease agreement (the "**Lease Agreement**") entered into between a subsidiary of the Company as lessor and an independent third party as lessee in relation to the lease of approximately 245 hotel rooms of a hotel resort complex located in the Philippines owned and operated by the Group expired in April 2013 and the Lease Agreement was not renewed. The Group has explored new opportunities to lease its hotel rooms and facilities and in mid of March 2013, the Group as lessor entered into a new rental agreement with an independent third party as lessee for an initial term of not more than 169 days in relation to the lease of rooms and facilities of a leisure resort located in the Philippines owned and operated by the Group.

ii) Pursuant to the announcement dated 22 May 2013, the Group has been actively seeking opportunities to diversify the business scope and to broaden the revenue base of the Group. Having considered the existing operations and resources of the Group, the Board considers that it may be feasible for the Group to engage in the trading of racehorses alongside its existing principal businesses. In pursuance of this new business venture, racehorses will be sourced by the Group from the Southern Hemisphere, mainly Australia, which would then be raised and traded when they reached a certain age. Representatives of the Group will attend several auctions in Australia for potential acquisition(s) (the "**Potential Acquisition**") of one or more racehorse(s).

As at the date of this report, no memorandum of understanding or binding agreement has been entered into by the Group in relation to the Potential Acquisition.

41. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified and restated to conform with the current year's presentation.

42. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 June 2013.

2. STATEMENT OF INDEBTEDNESS

Borrowings

The Group's borrowings are principally applied by the Group for working capital purposes. As at 31 October 2013, being the latest practicable date for the purpose of this indebtedness statement, the Group had total outstanding borrowings of approximately HK$254 million. The Group had secured or guaranteed borrowings of HK$45 million and had unsecured and unguaranteed borrowings of approximately HK$209 million.

The secured borrowings are the pledge of the acceptable securities held with their aggregate acceptable margin values no less than the loan advanced.

There was unutilized facilities of HK$105 million as at 31 October 2013, which guaranteed the Group have sufficient financial resources to meet the requirement of short-term working capital. On 6 December 2013, the Group utilized further facilities amounting to HK$53 million, as a result, there was unutilized facilities of approximately HK$52 million up to the Latest Practicable Date.

Save as disclosed above, there was no material adverse change in the indebtedness of the Group from 31 October 2013 up to the Latest Practicable Date.

Contingent liabilities

No contingent liabilities were made for the Group as at close of business on 31 October 2013.

Disclaimers

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 October 2013, the Group did not have any outstanding loan capital, debt securities and term loan issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including borrowings and other internal resources, the estimated net proceeds of the Open Offer and in the absence of unforeseen circumstances, our Group has sufficient working capital for our present requirements at least in the next twelve months commencing from the date of this circular.

4. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed in the following paragraphs and in the interim report of the Group for the six months ended 30 September 2013, the Directors confirm that they were not aware of any material change in the financial or trading position or outlook of the Group subsequent to 31 March 2013, being the date to which the latest published audited consolidated financial statement of the Group was made up:

(i) the loss making position of the Group for the six months period ended 30 September 2013 of approximately HK$37.9 million as compared to the profit making position of the Group for the year ended 31 March 2013 after excluding the impairment loss on intangible assets and goodwill. The loss making position for the six-month period ended 30 September 2013 was due to (a) the decrease in revenue generated from computer services as a result of the decrease in the service demand from the customers of the online entertainment and gambling business since April 2013; (b) the decrease in revenue generated from hotel services segment as a result of the non-renewal of a long term lease contract and the offer of promotional package to attract new customers since April 2013; and (c) the introduction of equine business services during the reporting period;

(ii) the substantial decrease in bank and cash balances from approximately HK$172.9 million as at 31 March 2013 to HK$23.42 million as at 30 September 2013 as a result of the loss suffered during the six-month period ended 30 September 2013 and the acquisition of the equine business completed in August 2013; and

(iii) the acquisition of the new equine business completed in August 2013 at a total consideration of A$17.8 million (equivalent to approximately HK$125.9 million) that caused the substantial increase in inventory as at 30 September 2013 as compared to that at 31 March 2013, details of the acquisition are set out in the announcement of the Company dated 23 June 2013.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The major business activities of the Group include hotel resort, information technology service and mining during the financial year.

The Group continues to operate and allocate resources to hotel and information technology service as they can provide income to the Group.

Due to the Regulation of the Minister of Trade of the Republic of Indonesia No. 29/M-DAG/Per/5/2012 and the Regulation issued by the Director General of Minerals and Coal of the Republic of Indonesia No. 574.K/30/DJB/2012 concerning the export of mining products (the "Regulations"), iron ores produced from the two iron mines of the Company located in Padang and Ende of Indonesisa (the "Two Iron Mines") are not permitted to be exported from Indonesia, instead, they can only be sold locally before obtaining the required export approvals from the relevant authorities in Indonesia (the "Export Approvals"). In view that the selling price of iron ores in the local market of Indonesia cannot sufficiently and effectively compensate the production costs of the Two Iron Mines, the Board has decided to suspend the operation of the Two Iron Mines pending the granting of the Export Approvals or change of laws in Indonesia to a favourable condition for the operation of the Two Iron Mines.

Aiming at improving the occupancy rate of the resort, the Group input cost and resources for continuous advertising and marketing expenditures for sales promotion. The relevant action plan comprises using of brochures, leaflets, TV broadcasting, road posters, LED screen as promotion media, and making agreement with travel agency for advertising purpose.

The Group has taken steps for market research on the current demand and expectation of online game customers. The related sales and promotion advertising activities has been adopted through internet and other medium platform.

The board has been actively seeking opportunities to diversify the business scope and broaden the revenue base of the Group. In August 2013, the Group had completed a purchase of one of Australia's largest stud farms, Eliza Park, in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Future plans include the purchase of bloodstock from the global marketplace, which would then be raised and traded when they reached a certain age. In addition, a research will be launched for building new pre-training and racing facilities which will include an uphill, all-weather, undercover training track, along with the training infrastructure. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma Financial Information") has been prepared by the Directors in accordance with paragraph 31(1) of Chapter 7 of the GEM Listing Rules set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 September 2013.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Group following the Open Offer.

The Unaudited Pro Forma Financial Information of the Group has been prepared based on the unaudited consolidated net assets of the Group as at 30 September 2013, as extracted from the published interim report of the Company for the six months ended 30 September 2013 after incorporating the unaudited pro forma adjustments described in the accompanying notes.

Unaudited consolidated net tangible assets of the Group as at 30 September 2013	Estimated net proceeds from the Open Offer (Based on minimum number of Offer Shares to be issued)	Estimated net proceeds from the Open Offer (Based on maximum number of Offer Shares to be issued)	Unaudited pro forma adjusted consolidated net tangible assets of the Group (Based on minimum number of Offer Shares to be issued)	Unaudited pro forma adjusted consolidated net tangible assets of the Group (Based on maximum number of Offer Shares to be issued)	Unaudited consolidated net tangible assets of the Group per Share as at 30 September 2013 prior to the completion of the Open Offer	Unaudited consolidated net tangible assets of the Group per Share upon completion of the Open Offer (Based on minimum number of Offer Shares to be issued)	Unaudited consolidated net tangible assets of the Group per Share upon completion of the Open Offer (Based on maximum number of Offer Shares to be issued)
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*
77,359	45,187	57,862	122,546	135,221	0.08	0.09	0.09

Notes:

1. The unaudited consolidated net tangible assets attributable to owners of the Company as at 30 September 2013 is based on the unaudited consolidated net assets attributable to equity holders of the Company of approximately HK$851,260,206 as at 30 September 2013 after deducting intangible assets and goodwill is approximately HK$773,902,000 as at 30 September 2013.

2. The estimated net proceeds from the Open Offer of approximately HK$45,187,000 are based on 463,800,000 Offer Shares to be issued at the Subscription Price of HK$0.1 per Offer Share after deducting estimated expenses of approximately HK$1,193,000.

3. The estimated net proceeds from the Open Offer of approximately HK$57,862,489 are based on 590,554,891 Offer Shares to be issued at the Subscription Price of HK$0.1 per Offer Share after deducting estimated expenses of approximately HK$1,193,000.

4. The unaudited consolidated net assets attributable to equity holders of the Company of approximately HK$122,546,000 as at 30 September 2013. It illustrates the effect on the issue of 463,800,000 Offer Shares.

5. The unaudited consolidated net assets attributable to equity holders of the Company of approximately HK$135,221,000 as at 30 September 2013. It illustrates the effect on the issue of 590,554,891 Offer Shares.

6. The number of Shares used for the calculation of this amount is 927,600,000 which was the number of Shares in issue as at the Latest Practicable Date.

7. The number of Shares used for the calculation of this amount is 1,391,400,000 which will be the total number of Shares expected to be in issue after completion of the Open Offer representing the existing 927,600,000 Shares in issue as at the Latest Practicable Date and 463,800,000 Offer Shares to be issued pursuant to the Open Offer.

8. The number of Shares used for the calculation of this amount is 1,506,900,000 which will be the total number of Shares expected to be in issued after completion of the Open Offer representing the existing 927,600,000 Shares in issue as at the Latest Practicable Date and 590,554,891 Offer Shares to be issued pursuant to the Open Offer (assuming full exercise of subscription rights attaching to the Share Option) exclude the convertible notes which entitle to subscribe 11,254,891 shares which was repaid on 9 December 2013.

9. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2013.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Andes Glacier CPA Limited, Certified Public Accountants, for the purpose of incorporation in this Prospectus.

Andes Glacier CPA Limited
Certified Public Accountants
思捷會計師行有限公司

Room 1, 20/F., Malaysia Building, 50 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道50號馬來西亞大廈20樓1室

The Board of Directors
Sun International Resources Limited
Unit 2412–2418, 24/F.,
China Merchants Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT PROSPECTUS

TO THE DIRECTORS OF SUN INTERNATIONAL RESOURCES LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sun International Resources Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated net tangible assets of the Group as at 30 September 2013, and related notes as set out in Appendix II of the prospectus dated 23 December 2013 (the "Prospectus"). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section 1 of Appendix II of the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed open offer on the basis of one offer share for every two shares and share consolidation on the basis that every two shares be consolidated into one consolidated share (the "Open Offer") and on the Group's net tangible assets as at 30 September 2013 as if the Open Offer had taken place at 30 September 2013. As part of this process, information about the Group's net tangible assets has been extracted by the directors from the Group's financial statements for the six months ended 30 September 2013, on which no audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to AG 7, "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Open Offer as at 30 September 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Andes Glacier CPA Limited
Certified Public Accountants
Hsu Yuk King, Mercedes
Practising Certificate Number: P03548

Hong Kong, 23 December 2013

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information to the Shareholders with regard to the Group, the Open Offer and the Whitewash Waiver.

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was as follows:

Share capital

(a) Share capital as at the Latest Practicable Date

Authorised capital:		*HK$*
3,000,000,000	ordinary shares of HK$0.04 each	120,000,000.00
Issued and fully paid:		
927,600,000	ordinary Shares of HK$0.04 each as at the Latest Practicable Date	37,104,000.00

(b) *Share capital upon completion of the Open Offer assuming all the Share Options are exercised on or before the Record Date*

Authorised capital:		*HK$*
3,000,000,000	ordinary Shares of HK$0.04 each	120,000,000.00
Issued and fully paid:		
927,600,000	Shares as at the Latest Practicable Date	37,104,000.00
231,000,000	Shares to be issued upon the exercise of the Share Options	9,240,000.00
579,300,000	Offer Shares to be issued pursuant to the Open Offer	23,172,000.00
1,737,900,000	Shares upon completion of the Open Offer	69,516,000.00

All of the Offer Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares, including the rights to voting, dividends and return of capital. The Offer Shares to be issued will be listed on GEM.

All existing issued Shares rank pari passu in all respect as to return of capital, dividends and voting. No Shares have been issued since 31 March 2013, being the date on which the latest audited financial statements of the Company were made up.

Share Options

As at the Latest Practicable Date, the Company had the following outstanding Share Options:

Date of grant	Number of shares which may fall to be issued upon exercise of the Share Options	Exercise price *(HK$)*	Exercise period
13.08.2007	17,450,000	0.76	13.08.2007 – 12.08.2017
17.08.2007	9,600,000	0.72	17.08.2007 – 16.08.2017
21.08.2007	9,600,000	0.69	21.08.2007 – 20.08.2017
19.08.2008	66,430,000	1.14	19.08.2008 – 18.08.2018
27.08.2008	4,800,000	1.16	27.08.2008 – 26.08.2018
16.12.2009	49,800,000	0.74	16.12.2009 – 15.12.2019
09.02.2010	16,600,000	0.90	09.02.2010 – 08.02.2020
25.11.2010	47,570,000 *(Note)*	1.54	25.11.2010 – 24.11.2020
07.12.2010	9,150,000	1.74	07.12.2010 – 06.12.2020

Note: Among 47,570,000 Share Options, 910,000 Share Options are owned by Mr. Cheng and 910,000 Share Options are owned by Mr. Chau.

Save as disclosed above, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company 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), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

	Number of Shares			
Name	**Personal interest**	**Corporate interest**	**Total**	**Percentage of aggregate interest to total number of shares in issue**
Mr. Cheng	910,000	850,955,000 *Note*	851,865,000	91.84%
Lo Kai Bong	6,640,000	–	6,640,000	0.72%
Lee Chi Shing Caesar	500,000	–	500,000	0.05%
Cheng Mei Ching	17,450,000	–	17,450,000	1.88%

Note: This represents interests held by Mr. Cheng through First Cheer, which holds 271,655,000 shares of the Company and is interested in 579,300,000 Shares under the Underwriting Agreement (and taking into account of the maturity of and the repayment of all the outstanding principal amount of the Convertible Bonds) and the First Cheer Undertaking. Mr. Cheng has 50% interest in First Cheer, he is therefore deemed to be interested in 851,865,000 shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this circular pursuant to the requirements of the Takeovers Code.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Group:

(i) Substantial Shareholders of the Company:

	Number of Shares			
Name	**Personal interest**	**Corporate interest**	**Total**	**Percentage of aggregate interest to total number of shares in issue**
First Cheer	850,955,000[Note]	–	850,955,000	92.95%
Mr. Chau	910,000	850,955,000[Note]	851,865,000	93.05%

Note: This represents interests held by Mr. Chau through First Cheer, which holds 271,655,000 shares of the Company and is interested in 579,300,000 Shares under the Underwriting Agreement (and taking into account of the maturity of and the repayment of all the outstanding principal amount of the Convertible Bonds) and the First Cheer Undertaking. Mr. Chau has 50% interest in First Cheer, he is therefore deemed to be interested in 851,865,000 shares of the Company.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Mr. Cheng and the Company entered into a service agreement on 5 July 2013 pursuant to which Mr. Cheng was appointed for a term of 3 years. During the term of the appointment, Mr. Cheng is entitled to receive a fixed salary at the annual rate of HK$360,000 payable by 12 monthly instalments of HK$30,000 each and a discretionary year-end bonus payable prior to the Chinese New Year following the 31st of day of December of each year.

Ms. Cheng Mei Ching and the Company entered into a service agreement on 6 June 2013 pursuant to which Ms. Cheng was appointed for a term of 1 year. During the term of the appointment, Ms. Cheng is entitled to receive a fixed salary at the annual rate of HK$1,159,200 payable by 12 monthly instalments of HK$96,600 each and a discretionary year-end bonus payable prior to the Chinese New Year following the 31st of day of December of each year.

Mr. Lee Chi Shing Caesar and the Company entered into a service agreement on 11 August 2013 pursuant to which Mr. Lee was appointed for a term of 1 year. During the term of the appointment, Mr. Lee is entitled to receive (i) a fixed salary at the annual rate of HK$672,000 payable by 12 monthly instalments of HK$56,000 each; (ii) a monthly accommodation allowance of an amount not exceeding the actual rental expenses incurred by Mr. Lee or a sum of HK$34,000, whichever is the lower; and (iii) a discretionary year-end bonus payable prior to the Chinese New Year following the 31st of day of December of each year.

Mr. Lo Kai Bong and the Company entered into a service agreement on 13 August 2013 pursuant to which Mr. Lo was appointed for a term of 1 year. During the term of the appointment, Mr. Lo is entitled to receive a fixed salary at the annual rate of HK$360,000 payable by 12 monthly instalments of HK$30,000 each and a discretionary year-end bonus payable prior to the Chinese New Year following the 31st of day of December of each year.

Mr. Lui Man Wah and the Company entered into a service agreement on 13 August 2013 pursuant to which Mr. Lui was appointed for a term of 1 year. During the term of the appointment, Mr. Lui is entitled to receive a fixed salary at the annual rate of HK$840,000 payable by 12 monthly instalments of HK$70,000 each and a discretionary year-end bonus payable prior to the Chinese New Year following the 31st of day of December of each year.

Save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation), nor has any of the Directors entered into any service contract with any member of the Group or associated companies of the Company in force which:

(a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before 28 October 2013, being the date of the Announcement;

(b) are continuous contracts with a notice period of 12 months or more; or

(c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

5. DIRECTORS' INTEREST IN ASSETS

Save for Mr. Cheng's interest in the horse acquired by Mr. Cheng via Sun Bloodstock Pty Limited (a company wholly-owned by Mr. Cheng) from the Group under the Horse SPA, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for the Underwriting Agreement and the Horse SPA (as defined in the section headed "Material contracts" in this appendix), none of Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 March 2013, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualifications
INCU Corporate Finance Limited	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
Andes Glacier CPA Limited (“**Andes**”)	Certified Public Accountants

Each of INCU and Andes have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter or their name in the form and context in which they respective appear.

Each of INCU and Andes do not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of INCU and Andes do not have any direct or indirect interests in any assets which have been, since 31 March 2013 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Announcement and are or may be material:

1. the Underwriting Agreement;

2. the sale and purchase agreement dated 14 November 2013 (the “Horse SPA”) entered into between Sun Kingdom Pty Limited and Mr. Cheng on behalf of Sun Bloodstock Pty Limited (a company wholly-owned by Mr. Cheng) in relation to the sale and purchase of 30% title to and interest in the thoroughbred horse 2009 bay mare born in Ireland by Teofilo out of Vadorga (Microchip number 985101045141763) for a consideration of HK$4,648,557.45;

3. the sale and purchase agreement dated 14 November 2013 entered into between Sun Kingdom Pty Limited and Mr. Lo Kai Bong in relation to the sale and purchase of 10% title to and interest in the thoroughbred horse 2009 bay mare born in Ireland by Teofilo out of Vadorga (Microchip number 985101045141763) for a consideration of HK$1,549,519.15;

4. the agreement for sale and purchase dated 20 June 2013 (the "Sale of Business Agreement") entered into amongst Eliza Park International Pty Limited ("Eliza Park International"), Mr. Lee James Fleming trading as Eliza Park ("Eliza Park"), Sun Macro Limited ("Sun Macro") and Mr. Christopher Clarke Hill and Mr. Stephen Graham Longley (the "Receivers") in relation to the acquisition of all of the business operations and activities including those businesses operated under the names "Eliza Park and "The Eliza Bloodstock Agency" (the "Business") and all properties of Eliza Park (other than certain excluded assets) used in the Business for a consideration of A$8,545,001 (subject to adjustment);

5. the agreement for sale and purchase dated 20 June 2013 (the "Sale of Interests Agreement") entered into between Eliza Park International and SF Bloodstock LLC ("SFB") in relation to the acquisition of the percentage interests of SFB in 7 stallions for a consideration of A$4,800,000;

6. the agreement for sale and purchase dated 20 June 2013 (the "Sale of Land Agreement") entered into between Kennsville Pty Limited ("Kennsville") and Sun Farm Land Pty Limited in relation to the acquisition of a piece and parcel of land with a site area of 425.2 acres located at 56 and 146 Mt Eliza Road, Riddells Creek, Victoria, Australia (the "Land") for a consideration of A$4,454,999;

7. the licence deed dated 20 June 2013 and entered into amongst Eliza Park International, Eliza Park, Kennsville, Sun Macro and the Receivers in relation to the grant of licence to Eliza Park International to operate the Business at a monthly licence fee of A$1.00 and to occupy the Land at no consideration from the date of the licence deed to the completion of the Sale of Business Agreement and the Sale of Land Agreement or termination of the Sale of Business Agreement and/or the Sale of Land Agreement; and

8. the security deed dated 19 August 2013 and executed by Eliza Park International in favour of SFB pursuant to the terms and conditions of the Sale of Interests Agreement upon completion of the Sale of Interests Agreement.

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK$1.2 million and are payable by the Company.

12. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the Stock Exchange on (i) the last day on which dealings took place in each of the six months immediately preceding the date of the Announcement; (ii) the Last Trading Date; and (iii) the Latest Practicable Date.

Date	**Closing price of the Shares** *(HK$)*
30 April 2013	0.620
31 May 2013	0.610
28 June 2013	0.540
31 July 2013	0.340
31 August 2013	0.400
30 September 2013	0.395
11 October 2013 (being the Last Trading Date)	0.320
31 October 2013	0.375
29 November 2013	0.360
20 December 2013 (being the Latest Practicable Date)	0.320

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.690 as quoted on 3 May 2013 and HK$0.310 as quoted on 10 October 2013, 29 October 2013 and 18 November 2013 respectively.

13. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Unit 2412–2418, 24/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Authorised representative	Mr. Cheng Ting Kong Room 2412–2418, 24/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong

	Mr. Lee Chi Shing, Caesar Room 2412–2418, 24/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Sheung Wan Hong Kong
Company Secretary	Mr. Lee Chi Shing, Caesar, HKICPA, ACCA
Compliance Officer	Mr. Lee Chi Shing, Caesar
Legal advisor to the Company	As to Hong Kong Law Michael Li & Co 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong As to Cayman Islands law Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Independent financial adviser to the Independent Board Committee in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver	INCU Corporate Finance Limited Unit 1602, 16/F, Tower 1 Silvercord, 30 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Auditors and reporting accountants	Andes Glacier CPA Limited Certified Public Accountants Unit 1, 20/Floor, Malaysia Building No. 50 Gloucester Road Wanchai, Hong Kong

Underwriter	First Cheer Holdings Limited *Registered office:* P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands *Correspondence address in Hong Kong:* Unit 2412–2418 24/F, China Merchants Tower Shun Tak Centre 168–200 Connaught Road Centre Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Butterfield Fund Services (Cayman) Limited P.O. Box 705 GT Butterfield House 68 Fort Street, George Town Grand Cayman Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited 26th Floor Tesbury Centre 28 Queen's Road East Hong Kong
Principal banker	DBS Bank (Hong Kong) Limited G/F, The Center, 99 Queen's Road Central Central, Hong Kong
Audit Committee	Tou Kin Chuen *(Chairman)* Chan Tin Lup, Trevor Wang Zhigang

14. MISCELLANEOUS

(a) There is no benefit that was give or to be given to any Director as compensation for loss of office or otherwise in connection with the Open Offer.

(b) The business address of the Directors is Unit 2412–2418, 24/F China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(c) There is no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong. The Company does not have any forecasted or planned dividends; nor any foreign exchange liabilities.

(d) As at the Latest Practicable Date, Mr. Lo Kai Bong and Mr. Lee Chi Shing Caesar who were Directors and Independent Shareholders confirmed that they were not involved or interested in the Open Offer, the Underwriting Agreement or the Whitewash Waiver and expressed their intentions, in respect of their own beneficial shareholdings in the Company, to vote for the resolutions (to the extent they are not required to abstain from voting in favour under the GEM Listing Rules) to be proposed in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver at the EGM.

15. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, save as disclosed in this circular:

(1) no persons have irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver;

(2) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) between any person and (i) the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code; or (ii) the Underwriter, its beneficial owners or any parties acting in concert with any of them;

(3) save for the Underwriting Agreement and the First Cheer Undertaking, there is no agreement, arrangement or undertaking between any Director and any other person which is conditional or dependent upon the outcome of or otherwise connected with the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and/or the Whitewash Waiver;

(4) other than the Underwriting Agreement, there were no agreements or arrangements to which the Underwriter or any of its associates is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer and the transactions contemplated under the Underwriting Agreement and the Whitewash Waiver;

(5) no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company had been borrowed or lent by (i) the Underwriter, its beneficial owner or any parties acting in concert with any of them; or (ii) the Company and the Directors and save for the Underwriting Agreement, none of them had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(6) there was no agreement, undertaking, understanding and arrangement that any Shares and convertible securities, warrants, options or derivatives in respect of the Shares acquired in pursuance of the Open Offer will be transferred, charged or pledged to any other persons;

(7) save for the Underwriting Agreement and the First Cheer Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter and any parties acting in concert with it and any Director, recent Director, Shareholders or recent Shareholders which had any connection with or dependence upon the Open Offer, the transactions contemplated under the Underwriting Agreement and the Whitewash Waiver;

(8) the Company did not have any interest in the shares and convertible securities, warrants, options or derivatives in respect of the shares of the Underwriter and had no dealings in the shares and convertible securities, warrants, options or derivatives in respect of the shares of the Underwriter during the Relevant Period;

(9) none of the Directors had dealt for value in the Shares and convertible securities, warrants, options or derivatives in respect of the Shares of the Company or the Underwriter during the Relevant Period;

(10) save for the Underwriting Agreement and the First Cheer Undertaking, there were no contract or agreement entered into by Underwriter subsisting as at the Latest Practicable Date in which any of the Directors has a material personal interest;

(11) no subsidiary of the Company, pension fund of the Company or any subsidiary of the Company, or any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options and derivatives in respect thereof or dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period;

(12) other than the Underwriter, no person who owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company had irrevocably committed themselves to accept or reject his entitlement under the Open Offer and save for the Underwriting Agreement, the Underwriter had not dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(13) there were no Shares, convertible securities, warrants, options or derivatives in the Company which were managed on a discretionary basis by fund managers connected with the Company and no such fund managers (as mentioned immediately above in this paragraph) had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(14) save for Mr. Cheng who is required to abstain from voting at the EGM, none of the Directors is required to abstain from voting at the EGM; and

(15) save for Mr. Cheng's direct interest in 50% of the issued share capital of the Underwriter, none of the Directors are interested in the shares of the Underwriter.

16. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheng Ting Kong, aged 38, was appointed as the Chairman and executive Director on 5 July 2013. Mr. Cheng is also the chairman and executive director of JF Household Furnishings Limited (Stock code: 776), a company listed on the main board of the Stock Exchange. Mr. Cheng has extensive experience in corporate management and investment. Prior to his appointment as the Chairman and the executive Director, Mr. Cheng was the senior manager of the Company.

Ms. Cheng Mei Ching, aged 32, is the Executive Director of the Company and Sun Century Group Limited (Stock code: 1383), holds a bachelors degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control.

Mr. Lee Chi Shing, Caesar, aged 50, an executive Director, has experience in corporate management and internal control. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He has worked in Hong Kong's Inland Revenue Department for over 15 years after his graduation from university. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners. Mr. Lee graduated from the Department of Accountancy of the Hong Kong Polytechnic University in 1985. He later obtained a Master's Degree in International Accountancy in 2001.

Mr. Lo Kai Bong, aged 34, has obtained a Bachelor of Arts degree from the University of Winnipeg in Canada. Prior to his appointment as an executive Director, Mr. Lo was appointed as an executive director of Enterprise Development Holdings Limited (formerly known as Tai-I International Holdings Limited) (stock code: 1808) from 30 March 2011 to 13 February 2012. He also served as an executive director of Carnival Group International Holdings Limited (formerly known as Oriental Ginza Holdings Limited) (stock code: 996) from 7 March 2012 to 31 July 2012. Mr. Lo served as a director of Telecom Business of CEC Telecom Co., Ltd. (a wholly-owned subsidiary of Qiao Xing Mobile Communication Co., Ltd. (NYSE: QXM)) from 2003 to 2009 and as the Senior Vice President of CEC Telecom Co., Ltd. from 2005 to 2009.

Mr. Lui Man Wah, aged 31, has over 5 years of experience in financial institutions. He obtained a Bachelor of Arts degree in business studies from the Hong Kong Polytechnic University in 2004 and obtained a Master of Commerce degree from Macquarie University in 2005. Prior to his appointment as an executive Director, Mr. Lui served as an executive director of JF Household Furnishings Limited (stock code: 776) from 5 October 2012 to 8 July 2013. He was also appointed as an independent non-executive director of Sun Century

Group Limited (stock code: 1383) from 20 February 2012 to 31 July 2012. From December 2009 to October 2010, he was the Institutional Sales Manager of the Securities Department of Cinda International Limited. From December 2008 to June 2009, he was the Vice President of the Securities Department of Polaris Securities (HK) Limited.

Independent non-executive Directors

Mr. Chan Tin Lup, Trevor, aged 54, was born in Hong Kong and has been in the legal field for over 20 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan has been an independent non-executive director of National Arts Holdings Limited (Stock Code: 8228), a company registered in Bermuda and the shares of which are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited, since 13 May 2009.

Mr. Tou Kin Chuen, aged 37, is the independent non-executive director of the Company and Sun Century Group Limited (Stock code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Wang Zhigang, aged 54, obtained his graduation certificate from 山東礦業學院 (unofficial English translation being Shandong Institute of Mining and Technology) in 1982 and his Master in Mine Construction Engineering (礦山建設工程) from China University of Mining and Technology (中國礦業大學) in 1994. Mr. Wang has participated in the Business Administration Training Programme (工商管理培訓班) organized by Tsinghua University (清華大學) and has obtained a completion certificate in 2002. Mr. Wang is the executive director of 兗礦集團鄒城設計研究院有限公司 (unofficial English translation being Yankuang Group Zoucheng Huajian Design Research Company Limited) since 2005. Mr. Wang was the deputy manager of 兗州礦業(集團)有限公司 (unofficial English translation being Yankuang Group Corporation Limited) since 1999. Mr. Wang has obtained the qualification of Senior Engineer (高級工程師) in 1994.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours on any weekday (except for public holidays) at the head office and principal place of business of the Company in Hong Kong at Unit 2412–2418, 24/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong; (ii) on the website of the Company (http://www.sun8029.com), and (iii) on the website of the SFC (www.sfc.hk) from the date of this circular up to and including the date of the EGM:

(a) the memorandum of association of the Company and the Articles;

(b) the annual reports of the Company for the years ended 31 March 2012 and 2013 respectively and the interim report of the Company for the six months ended 30 September 2013;

(c) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix;

(d) the service contracts as referred to in the paragraph headed "Directors' service contracts" in this appendix;

(e) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(f) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in appendix II to this circular;

(g) the letter from Andes in respect of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages 137 to 139 of this circular;

(h) the letter from the Board, the text of which is set out on pages 13 to 34 of this circular;

(i) the letter from the Independent Board Committee, the text of which is set out on pages 35 to 36 of this circular;

(j) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 37 to 56 of this circular; and

(k) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Sun International Resources Limited (the "**Company**") will be held at 4:00 p.m. on Monday, 13 January 2014 at Units 2412–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** subject to the fulfilment of the conditions of the Underwriting Agreement (as defined below), the Open Offer (as defined below) and the transaction contemplated thereunder be and are hereby approved:

   (a) For the purpose of this resolutions, "**Open Offer**" means the proposed issue by way of open offer of not less than 463,800,000 Offer Shares and not more than 590,554,891 Offer Shares at the subscription price of HK$0.10 per Offer Share, (each a "**Share**") of HK$0.04 each in the share capital of the Company (the "**Offer Shares**") to the qualifying shareholders ("**Qualifying Shareholders**") of the Company whose names appear on the date by reference to which entitlement under the Open Offer will be determined (other than those shareholders (the "**Prohibited Shareholders**") with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of one (1) Offer Share for every two (2) Shares subject to the fulfilment or waiver of the conditions and terms set out in the underwriting agreement dated 11 October 2013 (the "**Underwriting Agreement**", including, if any, all supplemental agreements or deeds relating thereto) entered into among, the Company and First Cheer Holdings Limited (the "**Underwriter**"), (a copy of the Underwriting Agreement having been produced to the meeting marked "A" and initialled by the chairman of the EGM for the purpose of identification).

(b) the Directors be and are hereby authorized to allot and issue the Offer Shares pursuant to the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Prohibited Shareholders as they may deem necessary, desirable or expedient to having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong;

(c) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriters) be and are hereby approved, confirmed and ratified;

(d) the absence of arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer be and is hereby approved, confirmed and ratified; and

(e) any Director be and is hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders."

2. "**THAT** the waiver (the "**Whitewash Waiver**") granted or to be granted by the Executive Director (the "**Executive**") of the Corporate Finance Division of the Securities and Futures Commission to the Underwriter and parties acting in concert with it pursuant to Note 1 on the Dispensations from Rule 26 of the Code (the "**Takeovers Code**") on Takeovers and Mergers of Hong Kong from an obligation to make a general mandatory offer for the shares of the Company not already owned by them as a result of the Open Offer be and are hereby approved and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters effect to any matters."

3. "**THAT** subject to and conditional upon completion of the Open Offer and the granting by the Listing Committee of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Consolidated Shares (as defined in the Circular):

   (a) every two issued and unissued Shares of par value HK$0.04 each in the share capital of the Company be consolidated into one Consolidated Share of par value HK$0.08 and such consolidation shall take effect at 9:00 a.m. on Friday, 14 February 2014;

   (b) the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the memorandum and articles of association of the Company;

   (c) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing Shares but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and

   (d) the Directors be and are generally authorised to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to implement and give effect to the arrangements set out in this resolution."

By the order of the Board
Sun International Resources Limited
Cheng Mei Ching
Executive Director

Hong Kong, 23 December 2013

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
George Town
Grand Cayman KY1-1111
The Cayman Islands

Principal place of business in Hong Kong:
Unit 2412–2418, 24/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company ("**Shareholder**") entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or, if such Shareholder is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a Shareholder.

2. In order to be valid, the form of proxy must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

3. Where there are joint registered holders of any shares of the Company, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the EGM personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

5. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if the Shareholder so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.