



**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)**

**FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015**

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

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

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

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

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

## RESULTS

The Board of Directors (the “Board”) of Sun International Resources Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively refer to as the “Group”) for the year ended 31 March 2015 together with the comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$	2014 HK\$ (Restated)
<b>Continuing operations</b>			
Revenue	4	147,147,693	159,065,741
Direct costs		<u>(44,964,600)</u>	<u>(55,983,231)</u>
Gross profit		102,183,093	103,082,510
Other operating income	6	5,070,241	1,338,779
Administrative expenses		(189,168,548)	(142,598,465)
Finance costs	8	(26,611,751)	(16,958,249)
Impairment loss on goodwill	7	(173,985,077)	–
Impairment loss on other assets		(1,184,517)	(69,088)
Share-based payment expenses		(8,299,693)	–
Fair value change of biological assets, net		24,181,544	(4,749,328)
Share of losses of associates		(109,987,222)	(324,852)
Loss on disposal of subsidiaries		<u>(17,489,691)</u>	<u>–</u>
Loss before taxation		(395,291,621)	(60,278,693)
Income tax (expense)/credit	9	<u>(1,182,165)</u>	<u>125,677,633</u>
(Loss)/Gain for the year from continuing operations		(396,473,786)	65,398,940
<b>Discontinued operations</b>			
Loss for the year from discontinued operations, net of income tax		<u>(7,385,346)</u>	<u>(619,367,688)</u>
<b>Loss for the year</b>	10	<b>(403,859,132)</b>	<b>(553,968,748)</b>
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences on translating foreign operations		<u>(35,770,074)</u>	<u>(786,508)</u>
<b>Total comprehensive loss for the year</b>		<b><u>(439,629,206)</u></b>	<b><u>(554,755,256)</u></b>

	<i>Notes</i>	<b>2015</b> <b>HK\$</b>	2014 <i>HK\$</i> (Restated)
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company			
– Continuing operations		<b>(397,158,518)</b>	88,667,248
– Discontinued operations		<b>(30,746,779)</b>	(427,536,730)
		<u><b>(427,905,297)</b></u>	<u>(338,869,482)</u>
Non-controlling interests			
– Continuing operations		<b>684,732</b>	(23,268,308)
– Discontinued operations		<b>23,361,433</b>	(191,830,958)
		<u><b>24,046,165</b></u>	<u>(215,099,266)</u>
		<u><b>(403,859,132)</b></u>	<u>(553,968,748)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<b>(461,426,698)</b>	(343,070,574)
Non-controlling interests		<b>21,797,492</b>	(211,684,682)
		<u><b>(439,629,206)</b></u>	<u>(554,755,256)</u>
<b>(Loss)/earning per share (HK cents per share)</b>			
	<i>11</i>		
From continuing and discontinued operations			
– Basic and diluted		<b>(61.51)</b>	(50.78)
		<u><b>(61.51)</b></u>	<u>(50.78)</u>
From continuing operations			
– Basic and diluted		<b>(57.09)</b>	13.29
		<u><b>(57.09)</b></u>	<u>13.29</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b>
<b>Non-current assets</b>			
Goodwill	7	<b>6,528,059</b>	180,513,136
Property, plant and equipment		<b>57,352,429</b>	150,558,673
Interests in associates		<b>165,683,163</b>	282,047,787
Biological assets – non-current portion		<b>78,571,459</b>	51,125,209
Deferred tax assets		–	1,331,547
		<u><b>308,135,110</b></u>	<u>665,576,352</u>
<b>Current assets</b>			
Biological assets – current portion		<b>127,801,912</b>	126,888,730
Inventories		<b>808,279</b>	22,484,750
Trade receivables	13	<b>75,354,531</b>	62,843,747
Prepayments, deposits and other receivables	14	<b>10,533,642</b>	11,901,142
Amounts due from non-controlling shareholders of a subsidiary		<b>9,360,000</b>	9,360,000
Tax recoverables		<b>7,260,098</b>	10,046,528
Bank balances and cash		<b>50,438,508</b>	65,105,903
		<u><b>281,556,970</b></u>	<u>308,630,800</u>
<b>Current liabilities</b>			
Trade payables	15	<b>8,464,665</b>	32,408,851
Accruals and other payables	16	<b>37,437,453</b>	54,471,107
Deposits received and deferred income		<b>5,103,482</b>	38,710,151
Promissory note		<b>140,000,000</b>	140,000,000
		<u><b>191,005,600</b></u>	<u>265,590,109</u>
<b>Net current assets</b>		<u><b>90,551,370</b></u>	<u>43,040,691</u>
<b>Total assets less current liabilities</b>		<u><b>398,686,480</b></u>	<u>708,617,043</u>

	<i>Notes</i>	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowing		–	101,226,337
Deferred taxation liabilities		–	517,564
Medium-term bonds		<b>221,000,000</b>	–
Amount due to a non-controlling shareholder of a subsidiary		–	25,350,000
		<u><b>221,000,000</b></u>	<u>127,093,901</u>
<b>Net assets</b>		<u><b>177,686,480</b></u>	<u>581,523,142</u>
<b>Capital and reserves</b>			
Share capital		<b>55,656,000</b>	55,656,000
Reserves		<b>108,915,485</b>	540,661,005
		<u><b>164,571,485</b></u>	<u>596,317,005</u>
<b>Equity attributable to owners of the Company</b>		<u><b>164,571,485</b></u>	596,317,005
<b>Non-controlling interests</b>		<u><b>13,114,995</b></u>	<u>(14,793,863)</u>
<b>Total equity</b>		<u><b>177,686,480</b></u>	<u>581,523,142</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2015*

	Attributable to owners of the Company										
	Share Capital <i>HK\$</i>	Share Premium <i>HK\$</i>	Capital Redemption Reserve <i>HK\$</i>	Merger Reserve <i>HK\$</i>	Share Options Reserve <i>HK\$</i>	Convertible Notes Reserve <i>HK\$</i>	Translation Reserve <i>HK\$</i>	Retained Profits/ (Accumulated losses) <i>HK\$</i>	Sub-total <i>HK\$</i>	Non- Controlling Interests <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 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
Loss for the year	-	-	-	-	-	-	-	(338,869,482)	(338,869,482)	(215,099,266)	(553,968,748)
Other comprehensive loss:											
Currency translation differences on translating foreign operations	-	-	-	-	-	-	(4,201,092)	-	(4,201,092)	3,414,584	(786,508)
Total comprehensive loss for the year ended 31 March 2014	-	-	-	-	-	-	(4,201,092)	(338,869,482)	(343,070,574)	(211,684,682)	(554,755,256)
Transactions with owners:											
Redemption of convertible notes	-	-	-	-	-	(9,694,384)	8,285,780	1,408,604	-	-	-
Open offer	18,552,000	27,828,000	-	-	-	-	-	-	46,380,000	-	46,380,000
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	9,400,880	9,400,880
Total transactions with owners of the Company	18,552,000	27,828,000	-	-	-	(9,694,384)	8,285,780	1,408,604	46,380,000	9,400,880	55,780,880
At 31 March 2014 and 1 April 2014	<b>55,656,000</b>	<b>775,075,169</b>	<b>254,600</b>	<b>369,866</b>	<b>38,254,919</b>	-	<b>(3,665,018)</b>	<b>(269,628,531)</b>	<b>596,317,005</b>	<b>(14,793,863)</b>	<b>581,523,142</b>
Loss for the year	-	-	-	-	-	-	-	(427,905,297)	(427,905,297)	24,046,165	(403,859,132)
Other comprehensive loss:											
Currency translation differences on translating foreign operations	-	-	-	-	-	-	(33,521,401)	-	(33,521,401)	(2,248,673)	(35,770,074)
Total comprehensive loss for the year ended 31 March 2015	-	-	-	-	-	-	(33,521,401)	(427,905,297)	(461,426,698)	21,797,492	(439,629,206)
Transactions with owners:											
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2,260,000)	(2,260,000)
Issuance of share options	-	-	-	-	8,299,693	-	-	-	8,299,693	-	8,299,693
Disposal of subsidiaries	-	-	-	-	-	-	21,381,485	-	21,381,485	8,371,366	29,752,851
Total transactions with owners of the Company	-	-	-	-	8,299,693	-	21,381,485	-	29,681,178	6,111,366	35,792,544
At 31 March 2015	<b>55,656,000</b>	<b>775,075,169</b>	<b>254,600</b>	<b>369,866</b>	<b>46,554,612</b>	-	<b>(15,804,934)</b>	<b>(697,533,828)</b>	<b>164,571,485</b>	<b>13,114,995</b>	<b>177,686,480</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2015

## 1. BASIS OF PREPARATION

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 (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) 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.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2014.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

\* *IFRIC represents the International Financial Reporting Interpretations Committee*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposal. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

### **New and revised HKFRSs issued but not yet effective**

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>5</sup>
Amendments to HKAS 1	Disclosure initiative <sup>5</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>6</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, Earlier application permitted.



## **HKFRS 9 Financial Instruments**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

### **Key requirements of HKFRS 9 are described as follows:**

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

## **HKFRS 15 Revenue from Contracts with Customers**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligation in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligations satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligations is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

## **Amendments to HKAS 27 Equity Method in Separate Financial Statements**

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost, or
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group’s consolidated financial statements.

## **Annual Improvements to HKFRSs 2010-2012 Cycle**

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below. The amendments to HKFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group’s consolidated financial statements.

## **The Annual Improvements to HKFRSs 2011-2013 Cycle**

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group’s consolidated financial statements.

## **Annual Improvements to HKFRSs 2012-2014 Cycle**

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below:

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

### **3. GOING CONCERN CONVENTION**

In preparing the consolidated financial statements, the Directors of the Company ("Directors") have given careful consideration to the liquidity of the Group as the Group has sustained losses for 3 consecutive years and incurred loss of approximately HK\$403,859,132 for the year ended 31 March 2015 (2014: HK\$553,968,748).

In order to improve the situation, the Directors have adopted the following measures with a view to improve the Group's overall financial and cash flow position during the year ended 31 March 2015.

- a) The Group continues to implement measures to enhance cost controls in various operating expenses and to improve the Group's operating results and positive cash flow operation.
- b) The Group continued to study the possible additional external funding to improve the Group's liquidity.
- c) The Group is communicate and negotiate with the promissory note holder for the further extension.

In the opinion of the Directors, as the measures described above accomplished the expected results, the Directors are satisfied that the Group is able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. As at 31 March 2015, the net current asset of the Group is approximately HK\$90 million.

Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

#### 4. REVENUE

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

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
<b>Continuing operations</b>		
Equine services income	<b>99,382,152</b>	55,716,082
Computer software solution and services income	<b>47,765,541</b>	101,179,227
Entertainment operations	–	2,170,432
	<b>147,147,693</b>	159,065,741
<b>Discontinued operations</b>		
Hotel services income	<b>4,145,493</b>	24,835,909
Mining services income	–	3,694,383
	<b>4,145,493</b>	28,530,292
	<b>151,293,186</b>	187,596,033

#### 5. SEGMENT INFORMATION

Segment information is presented by way in two segments 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 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 five business segments as follows:

Computer software solution and services	–	provision of computer hardware and software services
Equine services	–	provision of Stallions services, trading and breeding of Bloodstocks
Entertainment operations	–	production and distribution of motion pictures and model agency services and provision of other film related services
Hotel services	–	provision of hotel operation and management services (ceased after July 2014)
Mining services	–	provision of mining iron ores and minerals (ceased after December 2014)

## Consolidated statement of profit or loss

For the year ended 31 March 2015

	Discontinued operations			Continuing operations					Total HK\$
	Hotel services HK\$	Mining services HK\$	Sub-total HK\$	Computer software solution and services HK\$	Equine services HK\$	Entertainment operations HK\$	Others and unallocated corporate HK\$	Sub-total HK\$	
<b>Revenue</b>									
External sales	4,145,493	-	4,145,493	47,765,541	99,382,152	-	-	147,147,693	151,293,186
Loss before interest, tax and depreciation	(42,470,574)	(34,498,037)	(76,968,611)	(162,166,756)	(90,856,184)	(550,320)	(15,458,506)	(269,031,766)	(346,000,377)
Depreciation	(298,782)	(369,161)	(667,943)	(309,165)	(1,633,139)	(343)	(9,964,558)	(11,907,205)	(12,575,148)
Finance costs	-	-	-	-	(20,222,798)	-	-	(20,222,798)	(20,222,798)
<b>Result</b>									
Segment result	<u>(42,769,356)</u>	<u>(34,867,198)</u>	<u>(77,636,554)</u>	<u>(162,475,921)</u>	<u>(112,712,121)</u>	<u>(550,663)</u>	<u>(25,423,064)</u>	<u>(301,161,769)</u>	<u>(378,798,323)</u>
Loss on disposal of subsidiaries									(17,489,691)
Finance costs									<u>(6,388,953)</u>
Loss before tax									(402,676,967)
Income tax expenses									<u>(1,182,165)</u>
Loss for the year									<u>(403,859,132)</u>

## Consolidated statement of financial position

As at 31 March 2015

	Discontinued operations		Continuing operations				Consolidated total HK\$
	Hotel services HK\$	Mining services HK\$	Computer software solution and services HK\$	Equine services HK\$	Entertainment operations HK\$	Others and unallocated corporate HK\$	
<b>Assets</b>							
Segment assets	-	-	84,084,787	301,272,761	7,090	204,327,442	589,692,080
<b>Liabilities</b>							
Segment liabilities	-	-	5,723,130	22,034,596	30,000	384,217,874	412,005,600

**Consolidated statement of profit or loss**  
*For the year ended 31 March 2014 (Restated)*

	Discontinued operations			Continuing operations					Total HK\$
	Hotel services HK\$	Mining services HK\$	Sub-total HK\$	Computer software solution and services HK\$	Equine services HK\$	Entertainment operations HK\$	Others HK\$	Sub-total HK\$	
<b>Revenue</b>									
External sales	<u>24,835,909</u>	<u>3,694,383</u>	<u>28,530,292</u>	<u>101,179,227</u>	<u>55,716,082</u>	<u>2,170,432</u>	<u>-</u>	<u>159,065,741</u>	<u>187,596,033</u>
Loss before interest, tax and depreciation	(63,962,286)	(542,576,676)	(606,538,962)	43,858,286	(67,088,511)	(857,235)	(5,327,883)	(29,415,343)	(635,954,305)
Depreciation	(4,010,690)	(2,689,696)	(6,700,386)	(959,080)	(1,250,981)	(2,293)	(7,034,174)	(9,246,528)	(15,946,914)
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(858,848)</u>	<u>-</u>	<u>-</u>	<u>(858,848)</u>	<u>(858,848)</u>
<b>Result</b>									
Segment result	<u>(67,972,976)</u>	<u>(545,266,372)</u>	<u>(613,239,348)</u>	<u>42,899,206</u>	<u>(69,198,340)</u>	<u>(859,528)</u>	<u>(12,362,057)</u>	<u>(39,520,719)</u>	<u>(652,760,067)</u>
Unallocated corporate expenses									(10,786,913)
Finance costs									<u>(16,099,401)</u>
Loss before tax									(679,646,381)
Income tax credit									<u>125,677,633</u>
Loss for the year									<u>(553,968,748)</u>

**Consolidated statement of financial position**  
*As at 31 March 2014 (Restated)*

	Discontinued operations			Continuing operations				Total HK\$
	Hotel services HK\$	Mining services HK\$	Sub-total HK\$	Computer software solution and services HK\$	Equine services HK\$	Entertainment operations HK\$	Others HK\$	
<b>Assets</b>								
Segment assets	75,929,204	313,668,081	245,519,154	308,848,756		7,732	26,223,706	970,196,633
Unallocated corporate assets								<u>4,010,519</u>
<b>Consolidated total assets</b>								<u>974,207,152</u>
<b>Liabilities</b>								
Segment liabilities	20,276,682	48,269,816	6,270,880	75,752,071		30,000	82,988	150,682,437
Unallocated corporate liabilities								<u>242,001,573</u>
<b>Consolidated total liabilities</b>								<u>392,684,010</u>

## Geographical segments

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

	2015 <i>HK\$</i>	2014 <i>HK\$</i> (Restated)
<b>Continuing operations</b>		
Hong Kong	–	55,951,084
Australia	<b>99,382,152</b>	55,039,657
Macau	<b>47,765,541</b>	48,075,000
	<b><u>147,147,693</u></b>	<b><u>159,065,741</u></b>

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

	2015 <i>HK\$</i>	2014 <i>HK\$</i> (Restated)
<b>Continuing operations</b>		
Hong Kong	<b>160,606,334</b>	482,364,300
Australia	<b>126,977,370</b>	104,719,810
Macau	<b>60,234</b>	108,497
	<b><u>287,643,938</u></b>	<b><u>587,192,607</u></b>

## 6. OTHER OPERATING INCOME

	2015 <i>HK\$</i>	2014 <i>HK\$</i> (Restated)
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Other operating income comprised of the followings:

<b>Continuing operations</b>		
Gain on disposal of property, plant and equipment	–	77,715
Interest income	<b>3,642,012</b>	78,686
Sundry income	<b>1,428,229</b>	1,182,378
	<b><u>5,070,241</u></b>	<b><u>1,338,779</u></b>



## 7. GOODWILL

HK\$

### Cost

At 1 April 2013, 31 March 2014 and 1 April 2014	510,685,062
Disposal of a subsidiary	(79,300,476)

At 31 March 2015	431,384,586
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### Impairment losses

At 1 April 2014	280,800,833
Impairment for the year	49,371,093

At 31 March 2014 and 1 April 2014	330,171,926
Impairment for the year	173,985,077
Disposal of a subsidiary	(79,300,476)

At 31 March 2015	424,856,527
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### Carrying amount

At 31 March 2015	6,528,059
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At 31 March 2014	180,513,136
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### Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 March 2015 are allocated as follows:

	2015 HK\$	2014 HK\$
Computer software solution and services	<u>6,528,059</u>	<u>180,513,136</u>

During the year ended 31 March 2015, the directors of the Company reassessed the recoverable amount of the Cash Generating Units (“CGU”) of computer software solution and services with reference to the valuation performed by Messrs. Asset Appraisal Limited, independent qualified professional valuers and impairment loss HK\$173,985,075 (2014: no impairment loss) on goodwill associated with the CGU of computer software solution and services were identified. The recoverable amount of goodwill allocated to computer software solution and services segment was assessed by reference to value-in-use model which based on a six years cash flow projection approved by the directors of the Company with a zero growth rate (2014: zero). A discount rate of approximately 14.41% (2014: 16.61%) 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 in 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 is referred to budgeted gross margin and the discount rate used is pre-tax and reflect specific risks relating to the industry.

During the year ended 31 March 2014 the goodwill associated with the CGU of hotel services was fully impaired with reference to valuation performed by Grant Sherman Appraisal Limited independent qualified professional valuers, and was written off during the year.

The recoverable amount of goodwill allocated to hotel services segment was assessed by reference to discounted cash flow model which is based on 18.5 years cash flow projection approved by directors of the Company with a 6.5% growth rate for the first 10 years and then with 3.5% growth rate annually and a discount rate of 15.18% 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 is located to run the business. Other assumptions include a continuous operation of the resort until 2032.

## 8. FINANCE COSTS

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b> (Restated)
Finance costs comprised of the followings:		
<b>Continuing operations</b>		
Interest on medium-term bonds	17,865,452	–
Handling charges for interest-bearing borrowing	4,498,000	6,750,100
Interest on interest-bearing borrowing wholly repayable within five years	4,248,299	3,226,236
Effective interest expense on convertible notes	–	6,123,065
Interest on deferred payments	–	858,848
	<u>26,611,751</u>	<u>16,958,249</u>

## 9. INCOME TAX (EXPENSE)/CREDIT

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b> (Restated)
<b>Continuing operations</b>		
The income tax (expense)/credit comprises:		
Current tax:		
Hong Kong Profits Tax	(40,000)	22,000
Other than Hong Kong Profits Tax	(328,182)	(1,321,671)
	<u>(368,182)</u>	<u>(1,299,671)</u>
Deferred tax:		
Recognition of deferred tax assets in respect of other temporary differences	(813,983)	126,977,304
	<u>(813,983)</u>	<u>126,977,304</u>
Income tax (expense)/credit for the year	<u>(1,182,165)</u>	<u>125,677,633</u>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

The income tax credit for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b> (Restated)
<b>Continuing operations</b>		
Loss before taxation	<u>(395,291,621)</u>	<u>(60,278,693)</u>
Tax credit at the Hong Kong Profits Tax rate of 16.5%	(65,223,117)	(9,945,984)
Tax effect of income not taxable for tax purposes	(26)	(10,201,872)
Tax effect of expenses not deductible for tax purposes	103,948,113	2,711,440
(Under)/Over-provision of prior years	(40,000)	(28,762)
Effect of different tax rate for subsidiaries operating in other jurisdictions	(12,345,082)	(5,469,338)
Tax effect of tax losses (utilised)/not recognised	(26,757,048)	21,618,868
Effect of unrecognised temporary differences	<u>(765,005)</u>	<u>126,993,281</u>
Income tax credit for the year	<u>(1,182,165)</u>	<u>125,677,633</u>

#### 10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	<b>2015</b> <b>HK\$</b>	2014 <b>HK\$</b> (Restated)
<b>Continuing operations</b>		
Staff costs:		
Directors' emoluments	1,693,805	5,138,166
Salaries and other benefits	28,770,585	29,090,689
Retirement benefit scheme contributions (excluding directors)	<u>2,268,091</u>	<u>2,120,886</u>
Total employees benefit expenses	<u>32,732,481</u>	<u>36,349,741</u>
Depreciation on property, plant and equipment	11,907,205	7,564,315
Direct costs	44,964,600	55,983,231
Auditor's remuneration	1,300,000	1,287,168
Loss on disposal of property, plant and equipment	113,417	–
Provision for bad debts	<u>1,876,292</u>	<u>599,968</u>

## 11. (LOSS)/PROFIT PER SHARE

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

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
<b>(Loss)/Profit</b>		
(Loss)/Profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earning per share		
– Continuing operations	(397,158,518)	88,667,248
– Discontinued operations	(30,746,779)	(427,536,730)
	<u>(427,905,297)</u>	<u>(338,869,482)</u>
<b>Continuing operations and discontinued operations</b>		
	2015	2014 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earning per share	695,700,000	667,325,605
Effect of dilutive potential ordinary shares:		
Share options ( <i>Note</i> )	–	–
	<u>695,700,000</u>	<u>667,325,605</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earning per share	695,700,000	667,325,605

*Note:* The computation of diluted (loss)/earning per share for the year ended 31 March 2015 does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the year.

The computation of diluted (loss)/earning per share for the year ended 31 March 2014 does not assume the exercise of the Company's outstanding share options as their exercise price was higher than the average market price of the shares during the year.

## 12. DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 March 2015 (2014: Nil).

## 13. TRADE RECEIVABLES

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Trade receivables	77,830,791	63,443,715
Less: Provision for bad debts	(2,476,260)	(599,968)
	<u>75,354,531</u>	<u>62,843,747</u>

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

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Within 30 days	<b>11,981,083</b>	23,464,820
31–60 days	<b>5,781,067</b>	26,397,817
61–90 days	<b>3,385,441</b>	1,061,396
Over 90 days	<b>54,206,940</b>	11,919,714
	<b><u>75,354,531</u></b>	<u>62,843,747</u>

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

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Within 30 days	<b>6,201,940</b>	–
31–60 days	<b>2,660,000</b>	–
61–90 days	<b>2,660,000</b>	–
Over 90 days	<b>42,685,000</b>	1,784,354
	<b><u>54,206,940</u></b>	<u>1,784,354</u>

HK\$42,685,000 of trade receivables (2014: HK\$1,784,354) that were past due for over 90 days (2014: over 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 recoverable. 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 of the Company consider that the carrying amounts of the trade receivables at the reporting date are approximated to their fair values.

#### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Prepayments	<b>8,890,819</b>	4,429,006
Deposits	<b>1,489,673</b>	4,030,401
Other receivables	<b>153,150</b>	3,441,735
	<b><u>10,533,642</u></b>	<u>11,901,142</u>

The directors of the Company consider that the carrying amounts of prepayments, deposits and other receivables at the reporting date are approximated to their fair values.

## 15. TRADE PAYABLES

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

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Within 30 days	<b>8,464,665</b>	25,385,194
31–90 days	–	4,952,574
91–120 days	–	–
Over 180 days	–	2,071,083
	<b>8,464,665</b>	<b>32,408,851</b>

The average credit period on trade payables is 90 days (2014: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit timetable.

The directors of the Company consider that the carrying amounts of the trade payables at the reporting date are approximated to their fair values.

## 16. ACCRUALS AND OTHER PAYABLES

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Accruals	<b>12,087,453</b>	20,657,797
Other payables	<b>22,216,356</b>	30,522,870
Provision of long service leave and annual leave	<b>3,133,644</b>	3,290,440
	<b>37,437,453</b>	<b>54,471,107</b>

The directors of the Company consider that the carrying amounts of the accruals and other payables at the reporting date are approximated to their fair values.

## 17. 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) Balances with related parties

	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Included in Prepayments, deposits and other receivables		
Amount due from a related party which is controlled by Mr. Cheng Ting Kong	–	1,143,673
Included in Trade receivables		
Amount due from a related party which is controlled by Mr. Cheng Ting Kong	–	40,000

(b) **Transactions with related parties**

	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
Included in Administrative expenses		
Advertising expenses paid to a related company which is beneficially owned and controlled by Ms. Cheng Mei Ching	<b>275,000</b>	200,000
Included in Turnover		
Services fee income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	<b>40,000</b>	200,000
Included in Turnover		
Bloodstock sales income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	–	1,840,982
The Group acquired 10% equity interest of a subsidiary Sun United Racing Limited, from Mr. Lo Kai Bong	–	1,560,000
Sales process received for disposal of subsidiary to a former subsidiary's director, Mr. Tam Kit Keung	<b>6,200,000</b>	–

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.

**18. EVENTS AFTER REPORTING PERIOD**

The Group had no material event after the reporting period.

**19. COMPARATIVE FIGURES**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Performance**

The Group recorded a turnover of continuing operations of approximately HK\$147,000,000 for the year ended 31 March 2015 which was decreased 7.5% compared to the turnover of approximately HK\$159,000,000 in the last fiscal year. The revenue was mainly generated from the subsidiaries engaging in equine services business, information technology related business and hotel business. The decrease in turnover was mainly due to income generated from computer services business.

The direct costs of continuing operations were decreased to approximately HK\$45,000,000 from approximately HK\$56,000,000 recorded during last year. The increase of 4.6% in gross profit percentage was mainly due to the increase in sales turnover in equine services business and the decrease in direct cost generated from computer services business. The staff costs were decreased to approximately HK\$32,732,000 (2014: HK\$36,350,000). The decrease was mainly due to disposal of subsidiary of hotel services business during the financial year.

Administrative expenses of continuing operations made an increase of 32.8% to approximately HK\$189,000,000 compared to HK\$142,000,000 in 2014. The increase was mainly generated from equine services business during the financial year.

The net loss of the Group for the year ended 31 March 2015 was approximately HK\$404,000,000 as compared with the net loss of approximately HK\$554,000,000 of the last fiscal year. The reason of the loss was mainly due to impairment adjustments arising from change in fair value of goodwill, share of losses of associates and losses of disposal of subsidiaries for the financial year.

### **Gearing Ratio**

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 203.16% (31 March 2014: 45.8%).

### **Capital Structure**

Movements in share capital are reflected in statement of change of equity to the consolidated financial statements.

### **Employee Information**

The total number of employees was 94 as at 31 March 2015 (2014: 349), and the total remuneration of continuing operations for the year ended 31 March 2015 was approximately HK\$32,732,000 (2014: HK\$36,350,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer share options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.



## **Contingent Liabilities**

As at 31 March 2015, the Group did not have significant contingent liabilities (2014: Nil).

## **Foreign Exchange Exposure**

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

## **Revenue**

Revenue represents the net amounts received and receivable from services provided, goods sold and rental income by the Group to outside customers.

## **Dividend**

No final dividend was proposed by the Directors for the year ended 31 March 2015 (2014: Nil).

## **Business Review**

After the acquisition of Loyal King Investments Limited and its subsidiaries (the “Loyal King Group”), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to maintain a stable income from the business.

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.

Due to continuous unsatisfactory performance of hotel services business in Philippines and suspension of production of iron ores for mining business in Indonesia, the Board had made a decision to dispose those business segments in July and December 2014 respectively. The Board considered that the disposals could facilitate the Company to realise its investment in the disposed Group and to direct its focus to concentrate more on its core businesses segments.

By the acquisition of assets of Eliza Park Pty. Limited by Eliza Park International Pty. Limited in August 2013, the Group had entered into the horse trading and stud business in Australia. As the demand for race horses has covered quickly since 2008, due to the resuming economies, latest development of horse racing business particularly in Asia and the increasing prize sums for races in Australia, the Group would contribute to a great extent by offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

## **Financial Review**

### *Liquidity, Financial Resources and Capital Structure*

As at 31 March 2015, the Group had current assets of approximately HK\$282,000,000 (2014: HK\$309,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$282,000,000 (2014: HK\$309,000,000) over current liabilities of approximately HK\$191,000,000 (2014: HK\$266,000,000) was at level of approximately 1.48:1 (2014: 1.2:1). The bank balances as at 31 March 2015 was approximately HK\$50,000,000 as compared to the balance of approximately HK\$65,000,000 as at 31 March 2014. The Group had no interest-bearing borrowing (2014: 101,200,000) at the end of the financial year.

The Group had issued a three-year 9.5% coupon and a five-year 7% coupon unlisted straight bonds with an aggregate principal amount of HK\$212,000,000 and HK\$9,000,000 respectively for the financial year (2014: Nil). At the end of the financial year, the equity attributable to Company's equity owners amounting to approximately HK\$165,000,000 (2014: HK\$596,000,000), representing a decrease of approximately 72% compared to 2014.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

### *Results Analysis*

During the financial year ended 31 March 2015 (the "Financial Year"), we continued our business on different categories such as development of new on-line games, promotion of equine services including breeding service, pre-training and trading of thoroughbred horses, respectively.

### *Operation*

Stable revenue will be expected from equine services and computer services businesses for the coming year as the Group will continue to take very effort on expanding potential market shares for the existing businesses.

### *The finance costs*

The Group recorded a finance costs approximately HK\$27,000,000 (2014: HK\$17,000,000) for the year ended 31 March 2015, representing an increase of HK\$10,000,000 compared to that in the last fiscal year. The finance cost was mainly for medium-term bonds and interest bearing borrowings.

### *Medium-term Bonds*

During the financial year, the Group had issued a three-year 9.5% coupon and a five-year 7% coupon unlisted straight bonds with an aggregate principal amount of HK\$212,000,000 and HK\$9,000,000 respectively to provide for general working capital.

### *Loss attributable to the equity holders of the Company*

For the current financial year, the Group recorded a loss attributable to the equity holders of the Company of HK\$428,000,000 (2014: a profit of HK\$338,900,000).

### *Prospects*

The major business activities of the Group include equine service and information technology service during the financial year.

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

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, we have completed in building new pre-training and racing facilities including an uphill, all-weather, undercover training track, along with the training infrastructure, for the purpose of enhancing the superior service to our clients for pre-training services. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

### **Risk Factors**

#### *Uncertainty on horses stud farm*

The services provided from a horse stud farm include processes on breeding, training, agistment and general upkeep which face different uncertainties including unexpected events regarding to the horses such as death, injuries, health problem, diseases and unfavourable weather which will affect directly the expected return and additional cost incurred in the stud farm.

#### *Uncertainty on market trend of sales*

The market for sales of thoroughbred horses in Australia is mainly through regular seasonal auctions. Its selling price is uncertain and is highly affected by both the trend of global market as well as the reputation of the horses with different sire/dam and/or champion records.

### *Continuous expansion requires long term capital financing*

The development projects and expansion of production capacities require additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the mining business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

### *Country Risk*

The equine services business is mainly operated in Australia. Being one of the emerging markets, Australia's equine services definitely provide many potential opportunities to investors dedicating to equine industry. In the meantime, the uncertainties of their political, social and economic policies are considered to be relatively small.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

## **OUTLOOK AND DEVELOPMENT**

The board of directors has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the group value.

### **Business Development**

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. The Group also seeks for the opportunity to establish a UK company as a stepping stone in expanding our worldwide trading activities of thoroughbred horses. In addition, we have completed in building new pre-training and racing facilities including an uphill, all-weather, undercover training track, along with the training infrastructure, for the purpose of enhancing the superior service to our clients for pre-training services. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

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

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

## **BOARD PRACTICES AND PROCEDURES**

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2015.

## **PRE-EMPTIVE RIGHTS**

There is no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **AUDIT COMMITTEE**

The audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee.

The primary duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board of Directors. Two audit committee meetings were held during the year.

The Group's annual results for the year ended 31 March 2015 have been reviewed by the audit committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

## **REMUNERATION COMMITTEE**

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

## **CORPORATE GOVERNANCE**

None of the Company's Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the financial report, in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

## **PUBLICATION OF ANNUAL REPORT ON THE GEM WEBSITE**

The annual report of the Company contains all the information required by the GEM Listing Rules will be published on the GEM website in due course.

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

Hong Kong, 19 June 2015

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lee Chi Shing, Caesar and Mr. Lui Man Wah and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang.*