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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)

CLARIFICATION ANNOUNCEMENT
FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

Reference is made to the announcement of Sun International Resources Limited (“**Company**”) dated 19 June 2015 in relation to the final consolidated results of the Group for the year ended 31 March 2015 (“**Final Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Final Results Announcement.

As disclosed in the consolidated statement of profit or loss and other comprehensive income in the Final Results Announcement, the Group incurred impairment loss on goodwill in the amount of approximately HK\$173,985,000 (the “**Impairment Loss**”) for the year ended 31 March 2015. The Company would like to provide supplementary information in relation to the Impairment Loss below:

COMPUTER SOFTWARE SOLUTION AND SERVICES SEGMENT

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited for an aggregate consideration of approximately HK\$429,878,000 and goodwill of approximately HK\$426,465,000 was recognised.

Loyal King Group is principally engaged in providing software solutions and services, such as, the design, invention, research, development, improvement, marketing and sales of related hardware and system integration for the related software and hardware systems and the provision of the set up, installation, maintenance and after sales services for such systems. The principal activities and operations of Loyal King Group are to provide customised software solutions and maintenance for both software and hardware to customers in various industries.

The two core business lines of Loyal King Group are (i) to provide business automation solutions (“**Business Automation Solutions Division**”); and (ii) to provide gaming software solutions (“**Gaming Software Solutions Division**”) to customers, such as online entertainment providers which include but not limited to online casinos. Solutions include mainly creating online games, designing websites and security protocols. The main revenue stream derived from writing these customised softwares is on-going license fees and a fixed monthly maintenance fees which provide repairing services and system upgrades.

During the year under review, the business performance of the Computer Software Solution and Services Segment was adversely affected by a considerable drop in sales revenue of the Gaming Software Solutions Division. The Group recorded a turnover and a net profit contributed of approximately HK\$47,039,000 and HK\$12,351,000 for the year ended 31 March 2015, which was decreased 24.7% and 64.4% respectively as compared to a turnover and a net profit contributed of approximately HK\$62,475,000 and HK\$34,654,000 for the last fiscal year. We believe the afore-said decrease in demand of online games was mainly due to increased competition and the rapid change in needs of customers and information technology.

IMPAIRMENT LOSS

A provision for impairment of goodwill of approximately HK\$173,985,000 for the Computer Software Solution and Services Segment has been made during the reporting year.

In accordance with HKAS 36 “Impairment of Assets”, the recoverable amount of a cash generating unit (“CGU”) is determined based on assessment of fair value. The Group has made reference to the valuation reports issued by an independent valuer for the calculation of the recoverable amount of the CGUs. The assessment was by reference to value-in-use model based on a six year cash flow projection with a zero growth rate and a discount rate of 14.41%.

Inherent in the development of the present value of future cash flow forecast are assumptions and estimates derived from a review of the expected revenue growth rates, gross and net profit margins, business plans, cost of capital, future market conditions and inflation rates.

The key assumptions and parameters used for fair value of the Gaming Software Solutions Division and its recoverable amount for the last 2 years are as follows.

	2015	2014
Average revenue growth (<i>Note 1</i>)	0%	0%
Average gross profit margin	95.4%	96.5%
Average net profit margin (<i>Note 2</i>)	26.3%	55.5%
Discount rate (<i>Note 3</i>)	14.41%	16.61%
Recoverable amount (<i>HK\$'000</i>)	269,000	479,000

Notes:

- (1) Average revenue growth rates cover the six-year forecast period. It is based on the past performance and management’s expectations on market development. During the year, the Group applied a zero revenue growth rate due to the actual dropping of sales revenue for Online Games Business Division as a result of poor performance of these CGUs.
- (2) Average net profit margin recorded of approximately HK\$12,351,000 for the year ended 31 March 2015, which was decreased 64.4% respectively as compared to a net profit contributed of approximately HK\$34,654,000 for the last fiscal year.
- (3) Post-tax discount rates applied to the post-tax cash flow forecast.

These assumptions and parameters have been used for the analysis of each CGU within the operating division. There was no subsequent change in the valuation method used for changes in key assumptions and parameters used in the valuation.

The Company determined the financial forecast based on past performance and its expectations for the market development. The discount rates used are post-tax and reflect specific risks relating to the relevant segment.

The Board confirms that the above supplementary information in relation to the Impairment Loss does not affect other information contained in the Final Results Announcement.

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

Hong Kong, 10 August 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the issuer. The Directors, 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 document misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at 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/>.