



**太陽國際集團有限公司**  
**SUN INTERNATIONAL GROUP LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8029)**

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

**CHARACTERISTICS OF 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 than other 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.**

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## UNAUDITED FINANCIAL RESULTS

The Board of Directors (the “Board”) of Sun International Group Limited (the “Company”) hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively refer to as the “Group”) for the year ended 31 March 2020 together with the comparative figures for the previous year as follows. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 March 2020 has not been completed.

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

For the year ended 31 March 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> <i>(Audited)</i>
Revenue	3	<b>108,381</b>	119,216
Direct costs		<b>(16,973)</b>	(38,108)
Gross profit		<b>91,408</b>	81,108
Other operating income	5	<b>1,193</b>	3,156
Reversal/(provision) of allowance for expected credit loss	6	<b>7,280</b>	(14,861)
Other losses	7	<b>(38,147)</b>	(44,070)
Administrative expenses		<b>(91,090)</b>	(86,138)
Finance costs	8	<b>(23,189)</b>	(48,757)
Fair value change of biological assets, net		<b>(2,600)</b>	6,581
Loss before taxation	9	<b>(55,145)</b>	(102,981)
Income tax expense	10	<b>(499)</b>	(2,557)
Loss for the year		<b>(55,644)</b>	(105,538)
<b>Other comprehensive (loss)/income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<b>(6,568)</b>	22,447
<b>Total comprehensive loss for the year</b>		<b>(62,212)</b>	(83,091)
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(55,644)</b>	(105,538)
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<b>(62,212)</b>	(83,091)
<b>Loss per share (HK cents)</b>	12		
Basic and diluted		<b>(2.81)</b>	(7.59)

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Intangible assets		<b>1,168</b>	1,524
Goodwill	<i>13</i>	<b>18,429</b>	47,095
Property, plant and equipment		<b>34,448</b>	42,641
Right-of-use assets		<b>5,240</b>	–
Other assets		<b>230</b>	275
Biological assets		<b>32,854</b>	35,083
Loan receivables		<b>11,701</b>	17,339
		<b>104,070</b>	143,957
<b>CURRENT ASSETS</b>			
Biological assets		<b>6</b>	47
Loan receivables		<b>26,214</b>	81,908
Trade receivables	<i>14</i>	<b>37,512</b>	18,570
Advances to customers in margin financing		<b>82,744</b>	78,310
Prepayments, deposits and other receivables		<b>11,222</b>	8,535
Tax recoverable		<b>2,233</b>	4,790
Cash and cash equivalents		<b>110,506</b>	110,525
Cash held on behalf of customers		<b>194,455</b>	120,984
		<b>464,892</b>	423,669
Assets classified as held for sale		–	83,034
		<b>464,892</b>	506,703
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>15</i>	<b>208,139</b>	143,379
Accruals and other payables		<b>24,068</b>	58,743
Deposits received and deferred income		–	543
Amount due to related companies		<b>847</b>	118,979
Medium-term bonds		<b>26,569</b>	8,744
Promissory notes		–	128,695
Lease liabilities		<b>2,766</b>	–
		<b>262,389</b>	459,083
Liabilities classified as held for sale		–	4,760
		<b>262,389</b>	463,843

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 March 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> <b>(Audited)</b>
<b>NET CURRENT ASSETS</b>		<u>202,503</u>	<u>42,860</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>306,573</u>	<u>186,817</u>
<b>NON-CURRENT LIABILITIES</b>			
Medium-term bonds		–	25,625
Promissory notes		<b>184,682</b>	346,222
Lease liabilities		<u>2,823</u>	<u>–</u>
		<u>187,505</u>	<u>371,847</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u><b>119,068</b></u>	<u>(185,030)</u>
<b>EQUITY</b>			
Share capital		<b>86,869</b>	55,656
Reserves		<u>32,199</u>	<u>(240,686)</u>
<b>TOTAL EQUITY</b>		<u><b>119,068</b></u>	<u>(185,030)</u>

## NOTES

For the year ended 31 March 2020

### 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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at the reporting date, the ultimate holding company of the Company is First Cheer Holdings Limited (“First Cheer”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 50% by Mr. Chau Cheok Wa (“Mr. Chau”) and as to 50% by Mr. Cheng Ting Kong (“Mr. Cheng”).

The unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and all amounts are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

During the year ended 31 March 2020, the Group was principally engaged in money lending, securities, asset management services, trading of bloodstocks, provision of equine related services and investment in stallions.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### New and amendments to HKFRSs that are mandatorily effective for the current year

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years.

#### **HKFRS 16 *Leases***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

#### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (CONTINUED)

### HKFRS 16 Leases (CONTINUED)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

At 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at the amounts equal to the related lease liabilities by applying HKFRS 16.C8(b) (ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination option.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 1.9% to 8.4%.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	<b>At 1 April 2019</b> <i>HK\$’000</i> (Unaudited)
Operating lease commitments disclosed at 31 March 2019	4,328
<i>Add:</i> Extension options reasonably certain to be exercised	8,158
	<hr/>
Undiscounted lease liabilities relating to operating leases recognised upon application of HKFRS 16	12,486
<i>Less:</i> Total future finance cost	(575)
	<hr/>
Lease liabilities as at 1 April 2019	<u>11,911</u>
Analysed as:	
Current	10,779
Non-current	1,132
	<hr/>
	<u>11,911</u>

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (CONTINUED)

As a lessee (CONTINUED)

The carrying amount of right-of-use assets at 1 April 2019 comprises the following:

	<b>Right-of use assets</b> <i>HK\$'000</i> (Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	12,212
By class:	
Leased properties	12,212

The following adjustments were made to the amounts recognised in the unaudited consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 March 2019</b> <i>HK\$'000</i> (Audited)	<b>Adjustment</b> <i>HK\$'000</i> (Unaudited)	<b>Carrying amounts under HKFRS 16 at 1 April 2019</b> <i>HK\$'000</i> (Unaudited)
<b>Non-current assets</b>			
Right-of-use assets	–	12,212	12,212
<b>Current assets</b>			
Prepayments, deposits and other receivables	8,535	(301)	8,234
<b>Current liabilities</b>			
Lease liabilities	–	10,779	10,779
<b>Non-current liabilities</b>			
Lease liabilities	–	1,132	1,132

### 3. REVENUE

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Revenue within the scope of HKFRS 15 (Note (i)):</b>		
<i>Revenue from financial services</i>		
Fees and commission income:		
– Securities	32,616	11,047
– Futures	61	238
– Fund and bond	293	173
– Asset management fee income	275	–
	<u>33,245</u>	<u>11,458</u>
 <i>Revenue from equine services</i>		
Biological assets handling services income	8,451	10,157
Stallions service income	22,230	15,721
Sales of biological assets	6,070	20,660
	<u>36,751</u>	<u>46,538</u>
	<u>69,996</u>	<u>57,996</u>
 <b>Revenue outside the scope of HKFRS 15:</b>		
Interest income from cash and margin clients	11,241	14,475
Interest income from loan receivables	27,144	46,745
	<u>38,385</u>	<u>61,220</u>
	<u><b>108,381</b></u>	<u><b>119,216</b></u>



### 3. REVENUE (CONTINUED)

Note:

(i) Revenue within the scope of HKFRS 15:

	<b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> (Audited)
<b>Timing of revenue recognition</b>		
Recognised at a point in time	<b>59,936</b>	47,839
Recognised over time	<b>10,060</b>	10,157
	<b>69,996</b>	57,996

### 4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has two reportable segments – Financial service operations and Equine service operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group’s reportable segments are summarized as follows:

Financial services	–	provision of securities and futures brokerage; provision of margin financing, asset management services and custodian services to customers and engaging in money lending business
Equine services	–	provision of stallion services and trading and breeding of bloodstocks

#### 4. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2020

	Equine services <i>HK\$'000</i> (Unaudited)	Financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>36,751</u>	<u>71,630</u>	<u>108,381</u>
Segment results	<u>(21,650)</u>	<u>3,628</u>	(18,022)
Unallocated corporate income			205
Unallocated finance costs			(23,189)
Unallocated corporate expenses			<u>(14,139)</u>
Loss before taxation			<u>(55,145)</u>

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the year.

Amounts included in the measurement of segment profit or loss or segment assets are as follows:

	Equine services <i>HK\$'000</i> (Unaudited)	Financial services <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Impairment losses recognised in respect of				
– goodwill	–	(28,666)	–	(28,666)
– intangible assets	(71)	–	–	(71)
Reversal/(provision) of allowance for expected credit loss				
– advances to customers in margin financing	–	1,522	–	1,522
– trade receivables	(326)	–	–	(326)
– loan receivables	–	6,084	–	6,084
Depreciation of				
– property, plant and equipment	(1,870)	(651)	(569)	(3,090)
– right-of-use assets	(972)	(6,933)	(4,251)	(12,156)
Amortisation of intangible asset	(164)	–	–	(164)
Addition to property, plant and equipment	63	8	2,209	2,280
Addition to right-of-use assets	–	–	5,193	5,193

#### 4. SEGMENT INFORMATION (CONTINUED)

*As at 31 March 2020*

	<b>Equine services HK\$'000 (Unaudited)</b>	<b>Financial services HK\$'000 (Unaudited)</b>	<b>Unallocated HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
<b>Segment assets</b>	<b><u>76,730</u></b>	<b><u>480,410</u></b>	<b><u>11,822</u></b>	<b><u>568,962</u></b>
<b>Segment liabilities</b>	<b><u>19,048</u></b>	<b><u>212,017</u></b>	<b><u>218,829</u></b>	<b><u>449,894</u></b>

*For the year ended 31 March 2019*

	<b>Equine services HK\$'000 (Audited)</b>	<b>Financial services HK\$'000 (Audited)</b>	<b>Total HK\$'000 (Audited)</b>
Segment revenue	<u>46,538</u>	<u>72,678</u>	<u>119,216</u>
Segment results	<u>(56,221)</u>	<u>(23,994)</u>	(80,215)
Unallocated corporate income			26,502
Unallocated finance costs			(48,757)
Unallocated corporate expenses			<u>(511)</u>
Loss before taxation			<u>(102,981)</u>

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the year.

#### 4. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2019 (Continued)

Amounts included in the measurement of segment profit or loss or segment assets are as follows:

	Equine services HK\$'000 (Audited)	Financial services HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	Total HK\$'000 (Audited)
Impairment losses recognised in respect of				
– goodwill	–	(8,943)	–	(8,943)
– intangible assets	(479)	–	–	(479)
– property, plant and equipment	–	(674)	–	(674)
Reversal/(provision) of allowance for expected credit loss				
– advances to customers in margin financing	–	2,436	–	2,436
– trade receivables	308	–	–	308
– loan receivables	–	(17,605)	–	(17,605)
Depreciation of property, plant and equipment	(1,942)	(79)	(511)	(2,532)
Amortisation of intangible assets	(193)	–	–	(193)
Addition to property, plant and equipment	98	54	30	182

As at 31 March 2019

	Equine services HK\$'000 (Audited)	Financial services HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	Sub-total HK\$'000 (Audited)	Disposal group held for sale HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	<u>101,887</u>	<u>463,950</u>	<u>1,789</u>	<u>567,626</u>	<u>83,034</u>	<u>650,660</u>
Segment liabilities	<u>19,932</u>	<u>326,042</u>	<u>484,956</u>	<u>830,930</u>	<u>4,760</u>	<u>835,690</u>

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Information about major customers

Revenues from transactions with external customers accounting for 10% or more of the Group's total revenue are as follows:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Customer A	12,535	13,297
Customer B (Note)	<u>11,700</u>	<u>N/A</u>

Note:

The revenue from Customer B for the year ended 31 March 2019 did not exceed 10% of total revenue.

##### Geographical analysis

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

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Hong Kong	71,630	72,678
Australia	<u>36,751</u>	<u>46,538</u>
	<u>108,381</u>	<u>119,216</u>

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

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Hong Kong	27,092	49,956
Australia	<u>65,047</u>	<u>76,387</u>
	<u>92,139</u>	<u>126,343</u>

## 5. OTHER OPERATING INCOME

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Bank interest	367	415
Prize money from race horses	295	688
Sundry income	217	2,053
Imputed interest income on rental deposits	314	–
	<u>1,193</u>	<u>3,156</u>

## 6. REVERSAL/(PROVISION) OF ALLOWANCE FOR EXPECTED CREDIT LOSS

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Reversal/(provision) of allowance for expected credit loss		
– Advances to customers in margin financing	1,522	2,436
– Trade receivables	(326)	308
– Loan receivables	6,084	(17,605)
	<u>7,280</u>	<u>(14,861)</u>

## 7. OTHER LOSSES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Impairment loss recognised in respect of:		
– Goodwill	28,666	8,943
– Intangible asset	71	479
– Property, plant and equipment	–	674
Loss on early redemption for promissory notes	–	304
Net foreign exchange loss	9,410	33,670
	<u>38,147</u>	<u>44,070</u>

## 8. FINANCE COSTS

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Effective interest expense on medium-term bonds	3,594	1,934
Effective interest expense on promissory notes	18,755	44,830
Interest on interest-bearing borrowings	–	1,993
Interest on lease liabilities	840	–
	<u>23,189</u>	<u>48,757</u>

## 9. LOSS BEFORE TAXATION

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Employee benefit expenses (including directors' remuneration):		
– Directors' emoluments	4,216	4,124
– Salaries and other benefits	24,144	25,185
– Retirement benefit scheme contributions	1,360	1,482
	<u>29,720</u>	<u>30,791</u>
Auditors' remuneration:		
– Audit services	1,600	1,650
– Non-audit services	100	100
	<u>1,700</u>	<u>1,750</u>
Amortisation of intangible asset	164	193
Depreciation of property, plant and equipment	3,090	2,532
Depreciation of right-of-use assets	12,156	–

## 10. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Current tax:		
Hong Kong Profits Tax	430	2,547
Underprovision in prior years:		
Hong Kong Profits Tax	<u>69</u>	<u>10</u>
Income tax expense	<u><u>499</u></u>	<u><u>2,557</u></u>

The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Taxation arising in other jurisdictions in which the Group operates is calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

## 11. DIVIDENDS

No dividend was paid or proposed by the Board of the Company for the year ended 31 March 2020 (2019: HK\$Nil).

## 12. LOSS PER SHARE

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

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss	<u><u>(55,644)</u></u>	<u><u>(105,538)</u></u>
	2020 '000	2019 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>1,983,597</u></u>	<u><u>1,391,400</u></u>



### 13. GOODWILL

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	<u>56,038</u>
<b>Accumulated impairment loss</b>	
At 1 April 2018	–
Impairment loss recognised in the year	<u>8,943</u>
At 31 March 2019 and 1 April 2019	8,943
Impairment loss recognised in the year	<u>28,666</u>
At 31 March 2020	<u>37,609</u>
<b>Carrying amount</b>	
<b>At 31 March 2020</b>	<b><u><u>18,429</u></u></b>
At 31 March 2019	<u><u>47,095</u></u>

### 14. TRADE RECEIVABLES

	<b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> (Audited)
Trade receivables	<b>5,601</b>	14,209
Less: allowance for expected credit losses	<b>(5,004)</b>	(5,506)
	<u>597</u>	<u>8,703</u>
Accounts receivables from brokers, dealers and clearing house	<b>36,915</b>	16,559
	<u>37,512</u>	<u>25,262</u>
Less: assets classified as held for sale	–	(6,692)
	<b><u><u>37,512</u></u></b>	<b><u><u>18,570</u></u></b>

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

#### 14. TRADE RECEIVABLES (CONTINUED)

The following is an ageing analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) net of allowance for expected credit loss, presented based on invoice date, at the end of the reporting period:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Within 30 days	584	7,832
31–60 days	13	871
	<u>597</u>	<u>8,703</u>

#### 15. TRADE PAYABLES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Trade payables	2,292	4,331
Accounts payables to clients and clearing house	205,847	139,498
	<u>208,139</u>	143,829
Less: liabilities classified as held for sale	<u>–</u>	<u>(450)</u>
	<u>208,139</u>	<u>143,379</u>

## 15. TRADE PAYABLES (CONTINUED)

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

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

The Group has a practice to satisfy all the requests for payments immediately within the credit period.

The following is an ageing analysis of trade payables (excluding accounts payables to clients and clearing house), presented based on invoice date, at the end of reporting period:

	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> (Audited)
Within 30 days	<b>1,965</b>	3,926
31–90 days	<b>302</b>	401
91–120 days	<b>25</b>	4
	<b>2,292</b>	4,331

The average credit period on trade payables is 90 days (2019: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Performance**

The Group recorded revenue of approximately HK\$108,381,000 for the year ended 31 March 2020 which was decreased 9% compared to revenue of approximately HK\$119,216,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in money lending, securities, asset management services, trading of bloodstocks, provision of equine related services and investment in stallions.

The direct costs were decreased to approximately HK\$16,973,000 from approximately HK\$38,108,000 recorded during last year. The increase of 13% in gross profit percentage was mainly due to the decrease in direct cost of horse trading business.

Administrative expenses made a slightly increase of 6% to approximately HK\$91,090,000 compared to HK\$86,138,000 in 2019.

The net loss of the Group for the year ended 31 March 2020 was approximately HK\$55,644,000 as compared with the net loss of approximately HK\$105,538,000 of the last financial year. The main reason is the impairment of goodwill of HK\$28,666,000.

### **Gearing Ratio**

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 182% (2019: -275%).

### **Capital Structure**

As at 31 March 2020, the total number of issued ordinary shares of the Company was 2,171,732,000 shares (2019: 1,391,400,000 shares).

The Company has conducted the following equity fund raising exercises during the year ended 31 March 2020. On 14 February 2019, the Company entered into a subscription agreement with First Cheer Holdings Limited, pursuant to which the Company agreed to issue and allot 780,332,000 shares to First Cheer Holdings Limited at the subscription price of HK\$0.345 per subscription share (the "Subscription"). The Subscription was completed on 28 June 2019.

### **Employee Information**

The total number of employees was 64 as at 31 March 2020 (2019: 74), and the total remuneration for the year ended 31 March 2020 was approximately HK\$29,720,000 (2019: HK\$30,791,000). 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**

On 30 October 2018, Guangdong Higher People's Court has been directed by the Supreme People's Court of the PRC to hear the claim (the "Claim") made by Mr. Chiu Ming ("Mr. Chiu") and Diamond Ocean Development Limited ("Diamond Ocean") against, amongst others, Sun Finance Company Limited ("Sun Finance"), a wholly-owned subsidiary of the Company, Mr. Cheng, a controlling shareholder of the Company and an executive Director and Mr. Chau, a controlling shareholder of the Company, in relation to, among others, the enforcement of the share charge in 2011 over certain shares (the "Charged Shares") of a listed company (the "Listed Company") in Hong Kong provided by Diamond Ocean, being the security for a loan provided by Sun Finance to Diamond Ocean, which was alleged by Mr. Chiu and Diamond Ocean to have infringed their rights. According to the Claim, Mr. Chiu and Diamond Ocean requested the court to order Sun Finance, Mr. Cheng and Mr. Chau to compensate Mr. Chiu and Diamond Ocean for direct economic loss of RMB500,000,000 and bear all the litigation costs. In addition, Mr. Chiu and Diamond Ocean will seek compensation for indirect loss after the valuation company engaged by the court has assessed the assets of a PRC subsidiary (the "PRC Subsidiary") of the Listed Company.

In preparing the consolidated financial statements of the Group for the year ended 31 March 2020, the directors of the Company have sought the legal opinion from the PRC legal adviser regarding the Claim (the "PRC Legal Opinion").

According to the PRC Legal Opinion, the chances of success of the Claim are very low. In the PRC Legal Opinion, the PRC legal advisers consider that, among others, (i) there is not enough basis to support the allegation that the disposal of the Charged Shares was illegal; (ii) the alleged change of the legal representative of the PRC Subsidiary by the defendants by illegal means is not in conformity with the fact and irrelevant to the Claim; (iii) the amount of the direct loss alleged by the plaintiffs is lack of basis and no definite amount can be derived from the materials provided by the plaintiffs; and (iv) the limitation period of two years for making the Claim have expired.

In order to remove any uncertainty arising from the Claim on the Group, on 4 April 2019, Mr. Cheng executed a deed of indemnity in favour of the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance), whereby Mr. Cheng agreed to indemnify and keep the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance) indemnified against all loss and damages arising out of or in relation to the Claim.

Having considered the aforementioned factors, the directors of the Company consider that the Claim is unlikely to have any material adverse impact on the Group and no provision is required to be made in relation to the same.

## **Foreign Exchange Exposure**

The income and expenditure of the Group are denominated in Hong Kong Dollars and Australian Dollars. The Company has not entered into any foreign exchange hedging arrangement. The management is required to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The Group may use financial tools such as foreign exchange forward contracts, dual currency options etc. to manage the foreign exchange risks.

## **Revenue**

Revenue represents the net amounts in respect of services provided, equine services income, securities brokerage commission, asset management fee income and loan interest income recognised by the Group during the year.

## **Dividend**

No final dividend was proposed by the Directors for the year ended 31 March 2020 (2019: Nil).

## **Business Review**

The Group has been operating in the equine business for years and the result is disappointing. As a result the Board planned to disposal one of subsidiaries in the equine segment (Completed in July 2019). The Board will continue reviewing the performance of equine segment and will take necessary action to improve the performance of the Group.

Following the acquisition of two money lending business in November 2015 and February 2018, and Sun International Securities Limited ("SISL") and Sun International Asset Management Limited ("SIAML") in February 2016, the Group can provide wide range of financial services. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong, while SIAML is principally engaged in the provision of type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. While the Group continued to implement cost controls and to improve operating results, the Board also identified new and extra opportunities in the financial services segment.

### ***Equine services***

The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. One of the subsidiaries in the equine segment, Sun Kingdom Pty Ltd, was disposed during the reporting period. Sun Kingdom Pty Ltd mainly engages in bloodstocks trading and racing. The performance has been disappointing for the years. The Group considers such disposal will bring positive effect to the Group's performance.

For the twelve months ended 31 March 2020, the revenue of the equine service segment was approximately HK\$36,751,000 (2019: HK\$46,538,000). The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year.

### ***Financial services***

For the previous year, the global economic growth was originally strong. However, as the escalation of the US-China trade dispute and the rise of protectionism, the International Monetary Fund (IMF) stated that great uncertainties will occur in the global stock and capital markets. The U.S. trade and fiscal policy may even hinder global economic growth. Hong Kong, being an open and outward-looking economy, is hard to be an exception for the situations. Nevertheless, we are all optimistic about a more clear picture and recovery of the economy will come eventually. It is generally agreed that further deepening of banks and capital markets as well as broader access to households and firms are important to sustain growth and enhance equity.

The Board considered this a growth area to further broaden its revenue base and on 19 August 2015, Infinite Success Investments Limited, a wholly-owned subsidiary of the Company (the “Purchaser”), entered into a sales and purchase agreement (the “Sale and Purchase Agreement”) with Sun International Financial Group Limited (the “Vendor”) to acquire the entire issued capital of SISL and SIAML (the “Target Companies”) at the consideration of HK\$147,300,000 (subject to adjustment) (the “Acquisition”). The transaction was subsequently completed on 29 February 2016 signaling the Group’s expansion into the financial services segment.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 and January 2018 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2020, loan portfolio of the money lending business amounted to HK\$37,915,000, representing approximately 7% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 24% to 33% per annum.

## **Financial Review**

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

As at 31 March 2020, the Group had current assets of approximately HK\$464,892,000 (2019: HK\$506,703,000). The Group’s current ratio, calculated on the basis of current assets of approximately HK\$464,892,000 (2019: HK\$506,703,000) over current liabilities of approximately HK\$262,389,000 (2019: HK\$463,843,000) was at level of approximately 1.77:1 (2019: 1.09:1). The bank balances as at 31 March 2020 was approximately HK\$110,506,000 as compared to the balance of approximately HK\$110,525,000 as at 31 March 2019.

At the end of the financial year, there were remaining a five-year 7% coupon unlisted straight bonds with an outstanding aggregate carrying amount of HK\$26,569,000 (2019: HK\$34,369,000).

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 2020 (the “Financial Year”), we continued our business on different categories such as development of financial services businesses including securities, assets management and money lending services and equine services including breeding service.

### ***Operation***

Stable revenue will be expected from equine services and financial 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 finance costs of approximately HK\$23,189,000 (2019: HK\$48,757,000) for the year ended 31 March 2020, representing a decrease of 52% compared to that in the last financial year. The finance costs was mainly for effective interest expense on medium-term bonds and promissory notes.

### ***Medium-term Bonds***

During the financial year, the Group had retained a five-year 7% coupon unlisted straight bonds with an outstanding aggregate carrying amount of HK\$26,569,000 (2019: HK\$34,369,000).

### ***Loss attributable to owners of the Company***

For the current financial year, the Group recorded a loss attributable to owners of the Company of approximately HK\$55,644,000 (2019: HK\$105,538,000).

### ***Prospects***

Following the US-China trade dispute and the outbreak of COVID-19, the global economy and consumer confidence have been adversely affected. The worldwide stock index drops significantly in 2020 due to the drop of crude oil price and the market panic of the outbreak of the COVID-19. The crisis may have a material impact on our 2020 financial results and our development plan. The management foresees that there is full of challenging in 2020. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. However, the results of the Group’s financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.



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

## **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 of equine related services requires 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 equine services 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.

### ***Uncertainty on Volatility of Stock Market***

Global stock market is still faced with various uncertainties of different political and economic circumstances. The expected return on the services of the securities trading and assets management will be greatly influenced by the volatility of the stock market which tends to be highly unpredictable.

## **OUTLOOK AND DEVELOPMENT**

The Board has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the Group's value.

### **Business Development**

Following the acquisition of SISL and SIAML in February 2016, the Group had successfully diversify the business segments into the financial services including provision of type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on future contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. The Group has successfully secured several mandates for placement, services of several seasoned investment manager and other corporate finance activities. Furthermore, in November 2015, the Group had acquired a money lending business with principal activities in equity financing, equity mortgage and corporate finance.

In light of the above acquisitions, the Group is able to diversify its business segments by entering into the financial services segment so as to further enhance its revenue sources as well as to bring positive return to the Group.

On 31 January 2018, the Company had completed the acquisition of Sun Finance Company Limited which was a licensed money lender. The Board considered the proposed acquisition represents a good opportunity for the Group to strengthen the development of money lending business.

## **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 ended 31 March 2020.

## **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 ("Code of Conduct") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that 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 2020.

## **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.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to promoting high standards of corporate governance. The Directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 March 2019 and up to the date of this announcement to the best knowledge of the Board, the Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company established an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules. During the year under review, the audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun. 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 and supervise the financial reporting process, risk management system and internal control systems of the Group so as to provide advice and comments thereon to the Board. Two audit committee meetings were held during the year.

The Group's unaudited annual results for the year ended 31 March 2020 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**

The Company established a 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. Jim Ka Shun. All of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The auditing process for the annual results for the year ended 31 March 2020 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company’s auditors as required under Rule 18.49 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 March 2020 as agreed by the Company’s auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

## **PUBLICATION OF ANNUAL REPORT**

This unaudited annual results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.sun8029.com](http://www.sun8029.com). The annual report of the Company for the year ended 31 March 2020 containing all the information required by the Listing Rules is to be despatched to the Company’s Shareholders and made available for review on the same websites in due course.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 29 June 2020

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