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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 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.

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.

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 for at least 7 days from the date of posting and on the designed website of this Company at http://www.sun8029.com/.

FINANCIAL RESULTS

The Board of Directors (the "Board") of Sun International Group Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 March 2018 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 2018

	Notes	**2018** ***HK$***	2017 *HK$* (Restated)
Continuing operations			
Revenue	*4*	**118,798,880**	94,736,647
Direct costs		**(51,434,090)**	(39,863,198)
Gross profit		**67,364,790**	54,873,449
Other operating income	*6*	**9,391,559**	6,337,777
Administrative expenses		**(99,095,104)**	(115,727,048)
Finance costs	*7*	**(36,315,661)**	(35,998,642)
Fair value change of biological assets, net		**10,992,110**	(9,108,865)
Share of losses of associates		**–**	(43,800)
Gain on disposal of a subsidiary		**435,204**	–
Gain on disposal of associates		**–**	14,753,487
Impairment loss on loan receivables		**(3,000,000)**	–
Loss before taxation from continuing operations	*8*	**(50,227,102)**	(84,913,642)
Income tax expense	*9*	**(1,603,392)**	(68,428)
Loss for the year from continuing operations		**(51,830,494)**	(84,982,070)
Discontinued operation			
Loss for the year from discontinued operation, net of income tax	*10*	**(11,657,764)**	(902,858)
Loss for the year		**(63,488,258)**	(85,884,928)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(4,373,108)**	(1,890,682)
Total comprehensive loss for the year		**(67,861,366)**	(87,775,610)

	Notes	2018 HK$	2017 HK$ (Restated)
Loss for the year attributable to:			
Owners of the Company			
– Continuing operations		**(49,077,100)**	(84,456,100)
– Discontinued operation		**(11,657,764)**	(902,858)
		(60,734,864)	(85,358,958)
Non-controlling interests			
– Continuing operations		**(2,753,394)**	(525,970)
– Discontinued operation		**–**	–
		(2,753,394)	(525,970)
		(63,488,258)	(85,884,928)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(65,150,587)**	(87,249,640)
Non-controlling interests		**(2,710,779)**	(525,970)
		(67,861,366)	(87,775,610)
Loss per share (HK cents per share)	*11*		
From continuing and discontinued operations			
– Basic and diluted		**(4.37)**	(6.13)
From continuing operations			
– Basic and diluted		**(3.53)**	(6.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$	2017 HK$
Non-current assets			
Intangible assets		**2,331,033**	2,503,208
Goodwill	*13*	**56,037,756**	53,037,756
Property, plant and equipment		**47,813,710**	51,420,369
Other assets		**350,000**	275,000
Biological assets – non-current portion		**36,536,309**	42,536,204
		143,068,808	149,772,537
Current assets			
Biological assets – current portion		**92,566,188**	113,427,384
Inventories		**–**	218,526
Loan receivables		**226,217,944**	38,000,000
Trade receivables	*14*	**10,293,696**	10,936,585
Advances to customers in margin financing		**83,377,861**	60,072,809
Prepayments, deposits and other receivables	*15*	**18,964,226**	8,990,673
Bank balances and cash		**86,167,776**	61,854,123
Cash held on behalf of customers		**120,006,434**	116,987,023
		637,594,125	410,487,123
Current liabilities			
Trade payables	*16*	**129,899,749**	124,828,674
Accruals and other payables	*17*	**42,242,976**	34,297,723
Deposits received and deferred income		**235,070**	1,513,248
Amount due to related companies		**123,393,924**	113,514
Medium-term bonds		**–**	212,000,000
Promissory note		**122,746,753**	2,573,905
Tax payables		**248,430**	104,683
		418,766,902	375,431,747
Net current assets		**218,827,223**	35,055,376
Total assets less current liabilities		**361,896,031**	184,827,913

	Notes	**2018**	2017
		HK$	*HK$*
Non-current liabilities			
Medium-term bonds		**34,954,765**	36,000,000
Promissory note		**360,190,535**	109,215,816
Interest-bearing borrowings		**40,000,000**	45,000,000
		435,145,300	190,215,816
Net liabilities		**(73,249,269)**	(5,387,903)
EQUITY			
Share capital		**55,656,000**	55,656,000
Reserves		**(128,905,269)**	(63,754,682)
Equity attributable to owners of the Company		**(73,249,269)**	(8,098,682)
Non-controlling interests		**–**	2,710,779
Total equity		**(73,249,269)**	(5,387,903)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company									
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Share Options Reserve	Translation Reserve	Accumulated losses	Sub-total	Non-Controlling Interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2016	55,656,000	775,075,169	254,600	369,866	46,554,612	22,170,362	(820,929,651)	79,150,958	3,236,749	82,387,707
Loss for the year	–	–	–	–	–	–	(85,358,958)	(85,358,958)	(525,970)	(85,884,928)
Other comprehensive income: Currency translation differences on translating foreign operations	–	–	–	–	–	(1,890,682)	–	(1,890,682)	–	(1,890,682)
Total comprehensive loss for the year ended 31 March 2017	–	–	–	–	–	(1,890,682)	(85,358,958)	(87,249,640)	(525,970)	(87,775,610)
At 31 March 2017 and 1 April 2017	**55,656,000**	**775,075,169**	**254,600**	**369,866**	**46,554,612**	**20,279,680**	**(906,288,609)**	**(8,098,682)**	**2,710,779**	**(5,387,903)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(60,734,864)**	**(60,734,864)**	**(2,753,394)**	**(63,488,258)**
Other comprehensive loss: Currency translation differences on translating foreign operations	**-**	**-**	**-**	**-**	**-**	**(4,415,723)**	**-**	**(4,415,723)**	**42,615**	**(4,373,108)**
Total comprehensive loss for the year ended 31 March 2018	**-**	**-**	**-**	**-**	**-**	**(4,415,723)**	**(60,734,864)**	**(65,150,587)**	**(2,710,779)**	**(67,861,366)**
At 31 March 2018	**55,656,000**	**775,075,169**	**254,600**	**369,866**	**46,554,612**	**15,863,957**	**(967,023,473)**	**(73,249,269)**	**-**	**(73,249,269)**

NOTES

For the year ended 31 March 2018

1. GENERAL INFORMATION

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

The consolidated financial statements and certain comparative figures have been restated to conform with the current year presentation as a result of the discontinued operations, as set out in notes 18, in accordance with HKFRS 5.

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

During the year ended 31 March 2018, the Group was principally engaged in money lending, securities, investment holding, trading of Bloodstocks, provision of equine related services and investment in stallions, property investment holding, provision of human resources and administrative services for the subsidiaries in Australia.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties, equity investments and derivative component of convertible bonds which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION *(CONTINUED)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosure that ensure users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective date not yet been determined.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for classification and measurement of financial assets, impairment of financial assets and general hedge accounting. Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. 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 each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, 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 nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment. 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 a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's 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 is presented in profit or loss. With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk. With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, 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 Group is still in the process of assessing the impact of HKFRS 9. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 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, HKFRS 15 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 obligations 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 obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation 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. In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. As for the timing and amounts of revenue recognised in respective reporting period, the Group is still in the process of assessing the impact of HKFRS 15. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective. With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

The Group is in the process of assessing the impact of HKFRS 16. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

Except as described above, the directors of the Company do not anticipate that the application of the above new and amended HKFRSs will have a material impact on the Group's consolidated financial statements.

3. GOING CONCERN

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the liquidity of the Group as the Group has sustained losses for 6 consecutive years. In addition, the Group recorded a loss of approximately HK$62 million (2017: HK$86 million) for the year ended 31 March, 2018 and as at that date, had net liabilities of approximately HK$72 million (2017: HK$5 million). In addition, The Group incurred losses for the past six years resulting an accumulated losses up by approximately HK$128 million.

The Australian subsidiaries incurred continuous loss each year after the acquisition, the loss recorded of approximately HK$44 million (2017: HK$80 million) for year ended 31 March, 2018.

In the view of these circumstance, the management of the Group is able to operate as a going concern in the coming year after taking into consideration the following conditions and/or measures:,

a. HK$100,000,000 revolving loan facility which is available until 15 May 2018, was granted by Mr. Cheng Ting Kong, a director of the Company and one of the beneficial owners of the substantial shareholder of the Company, to the Group; The renewal of the revolving loan was still negotiated and was not yet signed any renewal agreement at 31 March, 2018.

b. The Group plan source for new funding by way of issuing of new bonds from financial institution.

c. 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.

d. The management of the Group would continuous review credit policies and controls in the financial sector in order to ensure the loans receivable and advance to margin finance are good and recovered on time.

e. The Group completed the acquisition of Sun Finance Company Limited on 31 January, 2018, it had contribution to the profits of the Group was about HK$8 million after the acquisition. The Group believes that it will continue to contribute profits and the whole Group of the profitability improves accordingly.

f. The Group would improve the operation efficiency of Sun International Asset Management Limited in foreseeable future. This subsidiary had commenced business and started to contribute revenue during the year. The Group expects it to continuously improve revenue generation ability.

g. The management of the Group negotiates with a promissory note holder to postpone repayment when it falls due in the coming year. The negotiation was still in process and no solid written agreement was concluded.

h. The management of the Group negotiates with the management of the related companies to the demand of repayment of loan until the Group is financial feasible to repay.

The directors are of the opinion that the Group will be able to have sufficient working capital to finance its operations and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. REVENUE

Revenue from continuing operations represents the aggregate of amounts received and receivable from (i) equine services income and (iii) commission from brokerage (iv) is analysed as follows:

	2018 *HK$*	2017 *HK$* (Restated)
Continuing operations		
Equine services income	**75,868,943**	51,598,624
Financial services income	**42,929,937**	43,138,023
	118,798,880	94,736,647

5. SEGMENT INFORMATION

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

Business segments

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

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

Continuing operations

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 stallions services, trading and breeding of bloodstocks

Discontinued operation

Computer software solution and services – provision of computer hardware and software services (creased in March 2018)

The accounting policies of the operating segments are the same as those of the Group. Segment profit or loss do not include corporate costs, gain on disposal of associates and loss on disposal of a subsidiary. Segment assets include all current and non-current assets with the exception of other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of other corporate liabilities.

5. SEGMENT INFORMATION *(CONTINUED)*

For the year ended 31 March 2018

	Continuing operations				Discontinued operation	
	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Subtotal HK$	Computer software solution and services HK$	Total HK$
Revenue						
External sales	75,868,943	42,929,937	–	118,798,880	1,240,500	120,039,380
Profit/(loss) before interest, tax and depreciation	(15,639,082)	24,472,502	(17,789,266)	(8,955,846)	(11,090,541)	(20,046,387)
Depreciation	(2,371,479)	(674,730)	(2,344,590)	(5,390,799)	(567,223)	(5,958,022)
Finance costs	(25,909,421)	(61,370)	(10,344,870)	(36,315,661)	–	(36,315,661)
Segment results	(43,919,982)	23,736,402	(30,478,726)	(50,662,306)	(11,657,764)	(62,320,070)
Gain on disposal of subsidiary						435,204
Loss before tax				(50,227,102)	(11,657,764)	(61,884,866)
Income tax expense				(1,603,392)	–	(1,603,392)
Loss for the year				(51,830,494)	(11,657,764)	(63,488,258)

As at 31 March 2018

	Continuing operations				Discontinued operation	
	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Subtotal HK$	Computer software solution and services HK$	Total HK$
Segment assets	204,806,624	563,143,991	12,712,318	780,662,933	–	780,662,933
Segment liabilities	11,036,518	247,798,180	595,077,504	853,912,202	–	853,912,202

5. SEGMENT INFORMATION *(CONTINUED)*

Consolidated statement of financial position

For the year ended 31 March 2017

	Continuing operations				Discontinued operation	
	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Subtotal HK$	Computer software solution and services HK$	Total HK$
Revenue						
External sales	51,598,624	43,138,023	–	94,736,647	13,152,660	107,889,307
Profit/(loss) before interest, tax and depreciation	(52,247,475)	9,682,391	(12,053,211)	(54,618,295)	(313,448)	(54,931,743)
Depreciation	(2,324,122)	(481,747)	(6,244,323)	(9,050,192)	(589,410)	(9,639,602)
Finance costs	(25,460,720)	–	(10,537,922)	(35,998,642)	–	(35,998,642)
Segment results	(80,032,317)	9,200,644	(28,835,456)	(99,667,129)	(902,858)	(100,569,987)
Gain on disposal of associates						14,753,487
Loss before tax				(84,913,642)	(902,858)	(85,816,500)
Income tax expense				(68,428)	–	(68,428)
Loss for the year				(84,982,070)	(902,858)	(85,884,928)

As at 31 March 2017

	Continuing operations				
	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Computer software solution and services HK$	Total HK$
Segment assets	236,659,147	301,962,061	17,135,937	4,502,515	560,259,660
Segment liabilities	17,701,638	131,461,108	416,176,977	307,840	565,647,563

5. **SEGMENT INFORMATION** *(CONTINUED)*

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:

	2018	2017
	HK$	*HK$*
Continuing operations		
Hong Kong	**42,929,937**	43,138,023
Australia	**75,868,943**	51,598,624
	118,798,880	94,736,647
Discontinuing operations		
Macau	**1,240,500**	13,152,660
	120,039,380	107,889,307

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

	2018	2017
	HK$	*HK$*
Continuing operations		
Hong Kong	**58,263,463**	60,355,500
Australia	**84,805,345**	89,414,237
	143,068,808	149,769,737
Discontinuing operations		
Macau	**–**	2,800
	143,068,808	149,772,537

Revenue from major customers

During the year, no single customer (2017: Nil) contributed for 10% or more of the Group's total revenue.

6. OTHER OPERATING INCOME FROM CONTINUING OPERATIONS

	2018	2017
	HK$	*HK$*
		(Restated)
Continuing operations		
Bank interest	**290,216**	536,854
Gain on disposal of property, plant and equipment	**1,187**	–
Bad debt recovered	**977,052**	1,243,872
Prize money from race horses	**677,082**	1,456,246
Sundry Income	**7,446,022**	3,100,805
	9,391,559	6,337,777

7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2018	2017
	HK$	*HK$*
Effective interest expense on medium-term bonds	**9,869,792**	24,226,648
Handling charges for interest-bearing borrowings	**382,461**	220,812
Effective interest expense on promissory note	**12,588,488**	10,347,298
Interest expense on interest-bearing borrowings	**13,474,920**	1,203,884
	36,315,661	35,998,642

8 (LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

(Loss) before taxation from continuing operations is arrived at after charging/(crediting):

	2018	2017
	HK$	*HK$*
		(Restated)
(a) Staff costs (including directors' remuneration)#		
Contributions to defined contribution retirement plans	**1,373,800**	1,138,547
Salaries, wages and other benefits	**28,641,651**	25,918,775
	30,015,451	27,057,322
(b) Other items		
Auditors' remuneration	**1,911,886**	1,554,058
Direct costs	**51,434,090**	39,863,198
Depreciation	**4,295,801**	9,639,602
Amortisation	**203,762**	249,407
Net foreign exchange difference	**(8,123,843)**	(986,379)
Impairment on loan receivables	**3,000,000**	–
(Gain)/Loss on disposal of property, plant and equipment	**(1,187)**	86,475
Provision for bad debts	**756,890**	1,113,040

9. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2018	2017
	HK$	*HK$*
Income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**1,603,392**	68,428
Income tax expense for the year	**1,603,392**	68,428

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year. 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.

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

	2018	2017
	HK$	*HK$*
Continuing operations		
Loss before taxation	**(50,227,102)**	(84,913,642)
Tax credit at the Hong Kong Profits Tax rate of 16.5%	**(8,287,472)**	(14,159,723)
Tax effect of income not taxable for tax purposes	**(43,949,960)**	(9,235,197)
Tax effect of expenses not deductible for tax purposes	**6,621,060**	7,243,150
Tax effect of different tax rates for subsidiaries operating in other jurisdictions	**(4,589,447)**	12,950,627
Tax effect of tax losses not recognised	**51,437,004**	3,269,571
Tax effect of unrecognised temporary differences	**372,207**	–
Income tax expense for the year	**1,603,392**	68,428

10. DISCONTINUED OPERATIONS

On 29 March, 2018, Galileo Capital Group (BVI) Limited,("Galileo Capital") a direct wholly-owned subsidiary of the Company entered into a disposal agreement with an independent third party(the Purchaser"), pursuant to which Galileo Capital agreed to sell and the Purchaser agreed to purchase, the entire equity interest in Loyal King Investments Limited which has interest in the entire issued share capital of Alliance Development Services Inc., a company incorporated in the Republic of Philippines with limited liability, Alliance Systems Development Services (Macau Commercial Offshore) Limited, a company incorporated in Macau with limited liability, and 97% issued share capital of Alliance Computer Services Limited, a company incorporated in Hong Kong with limited liability. Alliance Computer Services Limited is interest in the entire issued share capital of Jet Trade Limited, a company incorporated in Hong Kong with limited liability (the "Disposal Group") for the consideration HK$1,000,000.00. The Disposal Group was engaged in information technology(IT) business. The Group disposed of this sector of business due to keen competition in IT experts and market. The IT business is treated and presented as discontinued operations. Comparative figures in the consolidated statements of profit or loss for the year ended 31 March, 2018 have been represented to disclose separately the profit or loss from such discontinued operations.

The results of the discontinued operations are summarised as follows:

	2018	2017
	HK$	*HK$*
Revenue	**1,240,500**	13,152,660
Other income and gains (note (a))	**113,544**	241,675
Administrative expenses	**(13,011,808)**	(14,297,193)
Loss before tax	**(11,657,764)**	(902,858)
Income tax	**–**	–
Loss for the year from discontinued operations	**(11,657,764)**	(902,858)

Notes:

(a) Other income and gains from discontinued operations

	2018	2017
	HK$	*HK$*
Bank interest income	**2**	15
Sundry Income	**113,542**	241,660
	113,544	241,675

10. DISCONTINUED OPERATIONS *(CONTINUED)*

The consideration receivable of HK$1,000,000 relating to the Disposal was settled during the year. Further details of the Disposal are set out in note 18.

	2018	2017
(Losses) per share:		
Basic and diluted, from the discontinued operations	**HK$0.84 cents**	HK$0.06 cents

The calculation of basic and diluted earnings per share from the discontinued operations are based on:

	2018	2017
	HK$	*HK$*
(Loss) attributable to ordinary equity holders of the parent from the discontinued operation	**(11,657,764)**	(902,855)

	Number of shares	
	2018	2017
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation (note 19)	**1,391,400,000**	1,391,400,000

11. 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:

	2018	2017
	HK$	*HK$*
		(Restated)
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share		
– Continuing operations	**(49,077,100)**	(84,456,100)
– Discontinued operation	**(11,657,764)**	(902,858)
Continuing operations and discontinued operation	**(60,734,864)**	(85,358,958)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,391,400,000**	1,391,400,000
Effect of dilutive potential ordinary shares:		
Share options (Note)	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,391,400,000**	1,391,400,000

Note: The computation of diluted loss per share for the years ended 31 March 2018 and 31 March 2017 does not assume the exercise of the Company's outstanding share options since their exercise would result in anti-dilutive effect on loss per share for the year.

12. DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 March 2018 (2017: Nil).

13. GOODWILL

	HK$
Cost	
At 1 April 2016 and 31 March 2017	484,422,342
Additions (Note 19)	3,000,000
Disposal of subsidiaries	(426,465,393)
At 31 March 2018	60,956,949
Accumulated impairment losses	
At 1 April 2016 and 31 March 2017	431,384,586
Written back on disposal of subsidiaries	(426,465,393)
At 31 March 2018	4,919,193
Carrying amount	
At 31 March 2018	56,037,756
At 31 March 2017	53,037,756

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units ("CGU"). The carrying amounts of goodwill (net of accumulated impairment losses) as at the end of the reporting period are allocated as follows:

	2018	2017
	HK$	*HK$*
Securities brokerage and asset management business	**52,537,757**	52,537,757
Money lending business	**3,499,999**	499,999
	56,037,756	53,037,756

13. GOODWILL *(CONTINUED)*

Securities brokerage and asset management business

During the year ended 31 March 2018, the directors of the Company reassessed the recoverable amount of the CGU of securities brokerage and asset management services with reference to the business valuation performed by Ascent Partners Valuation Services Limited, independent qualified professional valuers and no impairment loss on goodwill associated with the CGU of securities brokerage and asset management business was identified. The recoverable amount of goodwill allocated to securities brokerage and asset management business was assessed by reference to value-in-use model which based on a five years cash flow projection (with terminal value) approved by the directors of the Company with a growth rate of 3.08% in securities brokage services and asset management services. A discount rate of approximately 12.81% 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 revenue and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. The Directors consider the revenue base is small in the year of acquisition for the securities brokerage business, and after taking into account of the synergy effect of additional capital to be injected and the current business connection to the Group, the Directors are confident in achieving the above high growth rate even the existence of current negative market sentiment. The Management believes that any reasonably possible change in assumptions would not cause the aggregate recoverable amount to fall below the aggregate carrying amount. Gross revenue is referred to budgeted gross revenue from customers and the discount rate used is pre-tax and reflect specific risks relating to the industry. No impairment loss was recognised during the year ended 31 March 2018.

Money lending business

During the year ended 31 March 2018, the directors of the Company reassessed the recoverable amount of the CGU of money lending business with reference to the business valuation performed by Ascent Partners Valuation Services Limited, independent qualified professional valuers and no impairment loss on goodwill associated with the CGU of money lending business was identified. The recoverable amount of goodwill allocated to money lending business was assessed by reference to value-in-use model which based on a six years cash flow projection (with terminal value) approved by the directors of the Company with a rate of 3.08% afterward. A discount rate of approximately 16.75% 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 revenue and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Management believes that any reasonably possible change in assumptions would not cause the aggregate recoverable amount to fall below the aggregate carrying amount. Gross revenue is referred to budgeted gross revenue and the discount rate used is pre-tax and reflect specific risks relating to the industry. No impairment loss was recognised during the year ended 31 March 2018.

14. TRADE RECEIVABLES

	2018	2017
	HK$	*HK$*
Trade receivables	**13,415,671**	13,616,333
Less: Provision for bad debts	**(3,571,599)**	(3,791,761)
	9,844,072	9,824,572
Accounts receivables from brokers, dealers and clearing house	**449,624**	1,112,013
	10,293,696	10,936,585

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

The following is an ageing analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) after provision for bad debts at the end of the reporting period:

	2018	2017
	HK$	*HK$*
Within 30 days	**7,812,372**	5,951,087
31–60 days	**212,389**	–
61–90 days	**27,528**	1,120,745
Over 90 days	**1,791,783**	2,752,740
	9,844,072	9,824,572

The average credit period on the trade receivables is 30–90 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 overdue but not impaired was as follows:

	2018	2017
	HK$	*HK$*
Overdue Within 30 days	**1,791,783**	2,748,124
31–60 days	**–**	–
61–90 days	**–**	1,184
Over 90 days	**–**	3,432
	1,791,783	2,752,740

14. TRADE RECEIVABLES *(CONTINUED)*

HK$Nil of trade receivables (2017: HK$3,432) was past due for over 90 days but not impaired. 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 be made in respect of trade receivables to their recoverable amounts and believe that there is no further provision for impairment required in excess of the provision for bad debts.

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

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$	*HK$*
Prepayments	**6,021,375**	1,991,718
Deposits	**5,842,624**	3,937,866
Other receivables	**7,100,227**	3,061,089
	18,964,226	8,990,673

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

16. TRADE PAYABLES

	2018	2017
	HK$	*HK$*
Trade payables	**3,889,517**	2,444,234
Accounts payables to clients and clearing house	**126,010,232**	122,384,440
	129,899,749	124,828,674

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.

Accounts payables to clients and clearing house include those payables placed in trust accounts with authorised institutions of HK$120,006,434, amounts due to other futures dealers of HK$658,493 and amount due to clearing house of HK$6,422,528. Amount due to clearing house of HK$29,454,177 has been offset against a corresponding amount due from the clearing house.

16. TRADE PAYABLES *(CONTINUED)*

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.

Except for the accounts payables to clients which bear interest at 0.0001% per annum as at 31 March 2018 (2017: 0.001%), all the trade payables are non-interest bearing.

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

	2018	2017
	HK$	*HK$*
Within 30 days	**3,630,837**	1,029,780
31–90 days	**240,623**	1,382,105
91–120 days	**18,057**	32,349
	3,889,517	2,444,234

The average credit period on trade payables is 90 days (2017: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

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

17. ACCRUALS AND OTHER PAYABLES

	2018	2017
	HK$	*HK$*
Accruals	**15,922,694**	15,430,822
Other payables	**25,213,281**	17,637,650
Provision for long service payment and annual leave	**1,107,001**	1,229,251
	42,242,976	34,297,723

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

18. DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2018, the Group disposed of its subsidiary, Loyal King Investments Limited ("LYIL") to an independent third party for a consideration of HK$1,000,000. After the disposal, the Group ceased the computer services operations segment in March 2018.

The net assets of LYIL at the date of disposal were as follows:

	HK$
Analysis of assets over which control was lost:	
Trade receivables	379,500
Prepayment, deposit and other receivable	53,573
Bank balances and cash	176,739
Tax payable	(45,016)
Net assets disposed of	564,796
Gain on disposal of a subsidiary	
Cash consideration received	1,000,000
Net assets disposed of	564,796
Gain on disposal of a subsidiary	435,204
Net cash outflow arising on disposal	
Cash consideration	1,000,000
Bank balances and cash disposed of	(176,739)
	823,261

19. ACQUISITION OF BUSINESS

On 29 September 2017, Pioneer Frontier Limited ("Pioneer Frontier"), a subsidiary of the Company, entered into a sale and purchase agreement ("Acquisition Agreement") with sellers, Eminent Crest Holdings Limited ("ECHL"), Peak Stand Holdings Limited ("PSHL") and Sheen Light Holdings Limited ("SLHL"), companies incorporated in BVI with limited liability and is a related party, pursuant to which Pioneer Frontier agreed to acquire and, ECHL, PSHL and SLHL agreed to sell the entire equity interest in Sun Finance Company Limited, a company incorporated in Hong Kong with limited liability and a corporation, for consideration of HK$378,000,000. The Acquisition completed on 31 January 2018.

19. ACQUISITION OF BUSINESS *(CONTINUED)*

The carrying amount of the acquired assets of the Target Company at the date of acquisition comprised:

	Total *HK$*
Fixed assets	786,964
Loan receivables	503,494,918
Prepayments, deposits and other receivables	939,054
Cash and cash equivalents	38,457,457
Tax recoverable	1,354,962
Trade payables	(921,128)
Accruals and other payables	(92,381)
Amount due to Shareholders	(118,949,603)
Provision for bad and doubtful debts	(50,070,243)
Net identifiable assets	375,000,000
Goodwill arising on acquisition	3,000,000
Consideration transferred, satisfied by issue of Promissory Note	378,000,000
Analysis of net inflow of cash and cash equivalents in respect of acquisition of subsidiaries:	
Cash consideration	378,000,000
Cash and cash equivalents acquired	(38,457,457)
	339,542,543

Pursuant to the Acquisition Agreement, the full consideration of HK$378 million is settled by the issue of three promissory notes which bear interest at 7% per annum with a maturity of 3 years.

Revenue of HK$12,102,235 and profit of HK$8,056,955 attributable to the Target Companies for the period from the acquisition date to 31 March 2018 was consolidated in the Group's profit or loss for the year ended 31 March 2018.

20. EVENTS AFTER REPORTING PERIOD

The Group had no other material event after the reporting period.

21. COMPARATIVE FIGURES

Certain comparative figures have restated to conform with the current year's presentation as a result of the discontinued operations.

To the shareholders of Sun International Group Limited (Incorporated in the Cayman Islands with limited liability)

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ADVERSE OPINION

Andes Glacier CPA Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 March 2018 (the "Period").

In our opinion, because of the omission of the information mentioned in the "Basis for Adverse Opinion" section of our report, the consolidated financial statements does not give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the Period in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Group recorded a turnover of continuing operations of approximately HK$120,000,000 for the year ended 31 March 2018 which was increased 11% compared to the turnover of approximately HK $108,000,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in equine services business, securities services business and money lending business. The increase in turnover was mainly due to the increase in income generated from equine services business and money lending business.

The direct costs of continuing operations were increased to approximately HK$51,000,000 from approximately HK$40,000,000 recorded during last year. The decrease of 6% in gross profit percentage was mainly due to the increase in direct cost in equine services business and computer services business. The staff costs (excluding other benefits) were decreased to approximately HK$32,909,200 (2017: HK$36,879,000). The decrease was mainly due to decrease in staff costs in securities services and equine services businesses.

Administrative expenses of continuing operations made a decrease of 14% to approximately HK$116,000,000 compared to HK$99,000,000 in 2017. The decrease was mainly attributable to securities services and equine services businesses during the financial year.

The net loss of the Group for the year ended 31 March 2018 was approximately HK$61,000,000 as compared with the net loss of approximately HK$86,000,000 of the last financial year. The reason of the decrease in net loss was mainly due to decrease in losses generated from equine services business and increase in profit of financial services business for the financial year.

Gearing Ratio

The gearing ratio, is calculated as borrowings divided by total equity, was approximately -761.63% (31 March 2017: -7,512.94%).

Capital Structure

There are no movements in share capital during the year ended 31 March 2018.

Employee Information

The total number of employees was 78 as at 31 March 2018 (2017: 91), and the total remuneration for the year ended 31 March 2018 was approximately HK$32,512,000 (2017: HK$35,962,000). 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 2018, the Group did not have significant contingent liabilities (2017: Nil).

Foreign Exchange Exposure

The income and expenditure of the Group are denominated in Hong Kong Dollars, 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 in respect of services provided, goods sold, equine services income, securities brokerage commission 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 2018 (2017: Nil).

Business Review

The East Asia and Pacific region, where most of the Group's operations are situated, achieved a lower than expected economic growth of approximately 5.6% in 2017. The economic development in the region last year was characterized by strong personal and industrial consumption expenditure, and high activities level in the financial sector. As the Group's operations covered a wide range of segments, the economic environment faced by the business units varied from one to another. Against this backdrop, the Group managed to reduce the loss attributable to shareholders to approximately HK$61,000,000 for the twelve months ended 31 March 2018 as compared to approximately HK$85,000,000 for the corresponding year ended 31 March 2017.

While the Group continued to implement cost controls and to improve operating results, the board of directors also identified opportunities in the financial services segment to diversify the business scope and broaden the revenue base of the Group. During the previous reporting period, the Group acquired a money lending business in November 2015 and completed the acquisition of the entire issued share capital of Sun International Securities Limited ("SISL") and Sun International Asset Management Limited ("SIAML") in February 2016. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong, while SIAML is principally engaged in the provision of type 4, (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong.

Apart from the operating results, the board of directors was also mindful of the overall financial position of the Group. Whilst the Group has successfully secured new interest-bearing borrowings of HK$10,000,000 during the year ended 31 March 2018 the board of directors would continue to closely monitor the financial position of the Group and the financial market environment in order to establish a more sustainable foundation for the Group.

Equine services

The growth in personal consumption expenditure in the region has created a favorable environment for the equine services segment. This was also reflected in the increase in participants from the Asia countries in the Australian equine industry. Building on its experience in Australia, the Group has expanded the operation to Europe and Singapore. As of the latest practical date, approximately 19% of the Group's stallions and bloodstocks are located outside Australia.

For the twelve months ended 31 March 2018, the revenue and operating loss of the equine service segment was approximately HK$76,000,000 (2017: HK$52,000,000) and approximately HK$44,000,000 (2017: HK$80,000,000) respectively. The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. However, the results from rearing of bloodstocks for trading and racing were relatively volatile. This was partly due to the mixed racing performance of the off springs of our stallions and mares, including the off springs trained by other stables. Moreover, the performance of some colts and fillies acquired from third parties when the business was established in late 2013 were below expectation. The Group considered that the results can be improved by increasing the percentage of bloodstocks bred from its own mares and stallions because (i) the cost of bloodstock will be lower and (ii) the Group can have more influence on the training and development of the horses. This has laid a good foundation for enhancing the results from horse trading and racing. Besides improving the sales performance, the Group has implemented stringent cost controls and efficiency improvement measures.

Financial services

For the previous year, the global economic growth was originally strong. However, as the escalation of the US-China trade dispute, the accelerated increase of US interest rate 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 of directors considered this a growth area to further broaden its revenue base and on 19 August 2015, Infinite Success Investments Limited, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into a sales and purchase agreement (the "Sale and Purchase Agreement") with Sun International Financial Group Limited (the "Vendor") to acquire the entire issued capital of SISL and SIAML (the "Target Companies") at the consideration of HK$147,300,000 (subject to adjustment) (the "Acquisition"). The transaction was subsequently completed on 29 February 2016 signaling the Group's expansion into the financial services segment.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 and January 2018 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2018, loan portfolio of the money lending business amounted to HK$293,000,000, representing approximately 38% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 20% to 25% per annum.

Since taking over of the operations of SISL and SIAML on 29 February 2016, the Group has successfully secured several mandates for placement and other corporate finance activities. The operating results of SISL have significantly improved over the corresponding period last year. Furthermore, we have secured the services of several seasoned investment managers for SIAML. During the reporting period, the financial services segment achieved revenue and operating gain of approximately HK$26,000,000 and HK$16,000,000 respectively.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 March 2018, the Group had current assets of approximately HK$638,000,000 (2017: HK $410,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$638,000,000 (2017: HK$410,000,000) over current liabilities of approximately HK$419,000,000 (2017: HK$375,000,000) was at level of approximately 1.5:1 (2017: 1.1:1). The bank balances as at 31 March 2018 was approximately HK$86,000,000 as compared to the balance of approximately HK$62,000,000 as at 31 March 2017. The Group had interest-bearing borrowings of HK$40,000,000 (2017: HK$45,000,000) at the end of the financial year.

At the end of the financial year, there were remaining a a five-year 7% coupon unlisted straight bonds with an outstanding aggregate principal amount of HK$35,000,000 (2017: HK$36,000,000). The equity attributable to Company's equity owners amounted to approximately HK$73,000,000 (2017: HK$8,000,000), representing a decrease of approximately 790% compared to 2017.

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 2018 (the "Financial Year"), we continued our business on different categories such as development of newly acquired financial services businesses including securities, assets management and money lending services, promotion of new on-line games and equine services including breeding service, pre-training and trading of thoroughbred horses, respectively.

Operation

Stable revenue will be expected from equine services, computer 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 a finance costs approximately HK$36,000,000 (2017: HK$36,000,000) for the year ended 31 March 2018, representing an increase of HK$317,000 compared to that in the last financial year. The finance costs was mainly for interest bearing borrowings, promissory notes and medium-term bonds.

Medium-term Bonds

During the financial year, the Group had retained a five-year 7% coupon unlisted straight bonds with an outstanding aggregate principal amount of HK$36,000,000 (2017: HK$36,000,000).

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 approximately HK$61,000,000 (2017: HK$85,000,000).

Prospects

The region's economic outlook remained modest with elevated risk of slowdown in economic growth as well as higher volatility in the financial markets due to uncertain global economy after the US-China trade dispute. On the one hand, this is unlikely to have any material impact on the equine services business which will further solidify its foundation for growth. With its enhanced facilities and its global reach in trading activities of thoroughbred horses, the Group will continue to offer superior service to our clients and take our brand to the global stage. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

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

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 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, allweather, 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.

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 2018.

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 2018.

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 2018 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 of Directors. Two audit committee meetings were held during the year.

The Group's annual results for the year ended 31 March 2018 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. Detail of Directors' emoluments on a nominal basis are set out in note to the consolidated financial statements.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ADVERSE OPINION

Andes Glacier CPA Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 March 2018 (the "Period").

In our opinion, because of the omission of the information mentioned in the "Basis for Adverse Opinion" section of our report, the consolidated financial statements does not give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the Period in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 22 June 2018

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.