



## **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 other than companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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*This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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

## FINANCIAL SUMMARY (UNAUDITED)

- Turnover of the Group was approximately HK\$67,447,000 for the six months ended 30 September 2018, representing an increase of approximately 73% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2018, gross profit of the Group was approximately HK\$51,997,000 as compared to the gross profit of approximately HK\$22,586,000 from the corresponding period in the previous fiscal year.
- Loss attributable to shareholders of the Group for the six months ended 30 September 2018 amounted to approximately HK\$50,940,000 as compared to net loss of approximately HK\$21,665,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

The board of Directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Group for the three months and six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017 were as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2018

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
Revenue	2	38,383,080	25,292,085	67,447,458	38,919,387
Direct costs		(10,433,469)	(8,219,925)	(15,450,673)	(16,333,840)
Gross profit		27,949,611	17,072,160	51,996,785	22,585,547
Other operating income		10,293,322	1,101,633	15,847,213	10,624,835
Administrative expenses	3	(40,663,288)	(11,163,716)	(92,553,290)	(35,814,777)
Finance costs		(9,601,452)	(12,102,977)	(21,968,205)	(21,480,907)
(Loss)/Profit before taxation	4	(12,021,807)	(5,092,900)	(46,677,497)	(24,085,302)
Income tax expense	5	(1,442,663)	(366,216)	(4,262,050)	(416,900)
<b>(Loss)/Profit for the period</b>		<b>(13,464,470)</b>	<b>(5,459,116)</b>	<b>(50,939,547)</b>	<b>(24,502,202)</b>
<b>Other comprehensive (loss)/ income:</b>					
Currency translation differences		8,742,854	(6,655,286)	22,605,789	(9,042,622)
<b>Other comprehensive (loss)/ income for the period</b>		<b>8,742,854</b>	<b>(6,655,286)</b>	<b>22,605,789</b>	<b>(9,042,622)</b>
<b>Total comprehensive (loss)/ income for the period</b>		<b>(4,721,616)</b>	<b>(12,114,402)</b>	<b>(28,333,758)</b>	<b>(33,544,824)</b>
<b>(Loss)/Profit attributable to:</b>					
Equity holders of the Company		(13,464,470)	(5,384,693)	(50,939,547)	(21,665,085)
Non-controlling interests		–	(74,423)	–	(2,837,117)
		<b>(13,464,470)</b>	<b>(5,459,116)</b>	<b>(50,939,547)</b>	<b>(24,502,202)</b>

## CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
<b>Total comprehensive (loss)/ income attributable to:</b>					
Equity holders of the Company		<b>(4,721,616)</b>	(12,039,979)	<b>(28,333,758)</b>	(30,707,707)
Non-controlling interests		–	(74,423)	–	(2,837,117)
		<b>(4,721,616)</b>	(12,114,402)	<b>(28,333,758)</b>	(33,544,824)
<b>Dividend</b>	6	–	–	–	–
<b>Earnings per share</b>	7				
Basic (HK cents per share)		<b>(0.97)</b>	(0.39)	<b>(3.66)</b>	(1.56)
Diluted (HK cents per share)		<b>(0.97)</b>	(0.39)	<b>(3.66)</b>	(1.56)

# CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	At 30 September 2018 HK\$ (Unaudited)	At 31 March 2018 HK\$ (Audited)
<b>Non-current assets</b>			
Intangible assets	8	2,119,494	2,331,033
Goodwill	9	56,037,756	56,037,756
Property, plant and equipment	10	45,132,262	47,813,710
Biological assets – non-current portion		37,746,818	36,536,309
Other asset		350,000	350,000
		<b>141,386,330</b>	143,068,808
<b>Current assets</b>			
Biological assets – current portion		88,662,837	92,566,188
Loan receivable		189,887,761	226,217,944
Trade receivables	11	23,863,488	10,293,696
Advances to customers in margin financing		80,440,743	83,377,861
Prepayments, deposits and other receivables	12	10,205,796	18,964,226
Bank balances and cash		98,053,885	86,167,776
Cash held on behalf of customers		126,589,661	120,006,434
		<b>617,704,171</b>	637,594,125
<b>Current liabilities</b>			
Trade payables	13	133,251,565	129,899,749
Accruals and other payables		45,533,276	42,242,976
Deposits received and deferred income		878,102	235,070
Amount due to related companies		122,738,304	123,393,924
Promissory note	14	128,618,217	122,746,753
Tax payables		1,242,518	248,430
		<b>432,261,982</b>	418,766,902
<b>Net current assets</b>		<b>185,442,189</b>	218,827,223

## CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

	Notes	At 30 September 2018 HK\$ (Unaudited)	At 31 March 2018 HK\$ (Audited)
Total asset less current liabilities		<b>326,828,519</b>	361,896,031
Non-current liabilities			
Promissory note	14	<b>373,456,781</b>	360,190,535
Medium-term bonds		<b>34,954,765</b>	34,954,765
Interest bearing borrowings		<b>20,000,000</b>	40,000,000
		<b>428,411,546</b>	435,145,300
		<b>(101,583,027)</b>	(73,249,269)
Capital and reserves			
Share capital	15	<b>55,656,000</b>	55,656,000
Reserves		<b>(157,239,027)</b>	(128,905,269)
Non-controlling interest		–	–
		<b>(101,583,027)</b>	(73,249,269)

# CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

## CONDENSED CONSOLIDATION INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to equity holders of the Company							Sub-total HK\$	Non- Controlling Interests HK\$	Total HK\$
	Share Capital HK\$	Share Premium HK\$	Capital Redemption Reserve HK\$	Merger Deficit HK\$	Share Option Reserve HK\$	Exchange Translation Reserve HK\$	Accumulated Profits/ (Loss) HK\$			
At 1 April 2017 (Audited)	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 six months ended 30 September 2017	-	-	-	-	-	-	(21,665,085)	(21,665,085)	(2,837,117)	(24,502,202)
Other comprehensive income: Currency translation differences	-	-	-	-	-	(9,042,622)	-	(9,042,622)	-	(9,042,622)
Total comprehensive income for the six months ended 30 September 2017	-	-	-	-	-	(9,042,622)	(21,665,085)	(30,707,707)	(2,837,117)	(33,544,824)
At 30 September 2017 (Unaudited)	55,656,000	775,075,169	254,600	369,866	46,554,612	11,237,058	(927,953,694)	(38,806,389)	(126,338)	(38,932,727)
<b>At 1 April 2018 (Audited)</b>	<b>55,656,000</b>	<b>775,075,169</b>	<b>254,600</b>	<b>369,866</b>	<b>46,554,612</b>	<b>15,863,957</b>	<b>(967,023,473)</b>	<b>(73,249,269)</b>	<b>-</b>	<b>(73,249,269)</b>
Loss for the period ended 30 September 2018	-	-	-	-	-	-	(50,939,547)	(50,939,547)	-	(50,939,547)
Other comprehensive income: Currency translation differences	-	-	-	-	-	22,605,789	-	22,605,789	-	22,605,789
Total comprehensive income/(loss) for the six months ended 30 September 2018	-	-	-	-	-	22,605,789	(50,939,547)	(28,333,758)	-	(28,333,758)
At 30 September 2018 (Unaudited)	55,656,000	775,075,169	254,600	369,866	46,554,612	38,469,746	(1,017,963,020)	(101,583,027)	-	(101,583,027)



## CONSOLIDATED INTERIM RESULTS FOR 2018 (UNAUDITED)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
<b>Net cash used in operating activities</b>	<b>46,749,513</b>	(8,242,879)
<b>Net cash used in investing activities</b>	<b>(5,287,647)</b>	(5,502,118)
<b>Net cash generated from financing activities</b>	<b>(41,480,907)</b>	10,519,093
<b>Net decrease in cash and cash equivalent</b>	<b>(19,041)</b>	(3,225,904)
<b>Cash and cash equivalent at the beginning of the period</b>	<b>86,167,776</b>	61,854,123
<b>Effect of exchange rate changes</b>	<b>11,905,150</b>	(6,135,707)
<b>Cash and cash equivalent at the ended of the period</b>	<b>98,053,885</b>	52,492,512

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2018.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 April 2018, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The unaudited consolidated results have been prepared under the historical cost convention except for certain properties and certain financial instruments, which are measured at fair values.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2018.

The unaudited consolidated results of the Group for the six months ended 30 September 2018 are unaudited but have been reviewed by the Company’s Audit Committee and auditors.

## 2. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers.

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

### Business segments

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

For management purposes, the Group is currently organized into four business segments – financial services, equine services, computer software solution and services and others.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## Segment Information

For the period ended 30 September 2018 (Unaudited)

	Financial services HK\$	Equine services HK\$	Computer software solution and services HK\$	Others HK\$	Consolidated HK\$
<b>Turnover</b>					
External sales	41,267,505	26,179,953	–	–	67,447,458
<b>Result</b>					
Segment result	23,345,901	(39,246,998)	–	(8,808,195)	(24,709,292)
<b>Finance cost</b>					(21,968,205)
<b>Profit before tax</b>					(46,677,497)
<b>Income tax expense</b>					(4,262,050)
<b>Loss for the period</b>					(50,939,547)

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

*For the period ended 30 September 2017 (Unaudited)*

	Financial services HK\$	Equine services HK\$	Computer software solution and services HK\$	Others HK\$	Consolidated HK\$
Turnover					
External sales	14,809,208	23,526,179	584,000	–	38,919,387
Result					
Segment result	8,963,095	(1,258,763)	(4,008,391)	(6,300,334)	(2,604,393)
Finance cost					(21,480,909)
Profit before tax					(24,085,302)
Income tax expense					(416,900)
Loss for the period					(24,502,202)

### Geographical segments

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## Revenue from external customers

	For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Hong Kong	41,267,505	14,809,208
Macau	–	584,000
Australia	26,179,953	23,526,179
	<b>67,447,458</b>	<b>38,919,387</b>

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

	Non-current assets	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Hong Kong	60,595,000	53,931,455
Macau	–	1,400
Australia	80,791,330	101,320,815
	<b>141,386,330</b>	<b>155,253,670</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 3. ADMINISTRATIVE EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
Electronic equipment operating expenses	<b>877,870</b>	234,160	<b>1,392,843</b>	482,834
Other services expenses	<b>363,323</b>	363,805	<b>714,310</b>	746,285
Breeding services fee	<b>3,053,888</b>	1,534,118	<b>7,967,052</b>	4,380,237
Sundry farm expenses	<b>3,306,130</b>	2,869,730	<b>5,264,746</b>	5,188,721
Staff costs	<b>7,932,342</b>	9,014,447	<b>16,909,781</b>	16,939,403
Consulting fees	<b>1,553,536</b>	303,558	<b>2,730,413</b>	592,609
Selling expenses	<b>487,011</b>	197,862	<b>1,450,525</b>	1,101,371
Advertising and promotion expenses	<b>1,224,973</b>	1,611,312	<b>2,000,731</b>	2,751,731
Insurance expenses	<b>976,491</b>	2,205,925	<b>3,352,201</b>	4,571,817
Rental expenses	<b>3,180,199</b>	3,177,095	<b>6,515,519</b>	6,457,568
Utilities and building management fees	<b>281,124</b>	322,564	<b>621,479</b>	592,796
Miscellaneous office expenses	<b>271,803</b>	199,976	<b>521,158</b>	356,321
Depreciation and amortisation	<b>679,934</b>	822,488	<b>1,392,855</b>	3,147,381
Vehicle and yacht operating expenses	<b>572,088</b>	1,281,374	<b>1,532,966</b>	1,674,346
Business travel expenses	<b>153,084</b>	149,982	<b>459,780</b>	504,869
Business entertainment expenses	<b>20,418</b>	89,915	<b>26,440</b>	136,712
Postal and communication expenses	<b>220,465</b>	241,108	<b>438,515</b>	465,601
Auditors' remuneration	<b>198,283</b>	299,859	<b>442,234</b>	432,755
Legal and professional fees	<b>1,300,318</b>	864,487	<b>2,774,786</b>	1,543,162
Business publicity expenses	<b>34,550</b>	2,500	<b>370,788</b>	152,866
Bad debts	<b>207,571</b>	(888,463)	<b>548,180</b>	(865,815)
Others	<b>(16,435)</b>	64,128	<b>57,183</b>	39,849
Exchange loss	<b>13,784,322</b>	(13,798,214)	<b>35,068,805</b>	(15,578,642)
	<b>40,663,288</b>	11,163,716	<b>92,553,290</b>	35,814,777

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Employee benefits expense including those of directors – wages, salaries and others	<b>7,546,332</b>	8,609,585	<b>16,909,566</b>	16,652,910
Depreciation for property, plant and equipment – owned assets	<b>3,510,114</b>	913,969	<b>4,132,063</b>	3,047,476
Interest income	<b>37,449</b>	61,341	<b>93,678</b>	149,847

## 5. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2017: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 September		For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Continuing operations				
Current income tax				
– Hong Kong profits tax	<b>1,442,663</b>	366,216	<b>4,262,050</b>	416,900
– Overseas taxation	–	–	–	–
	<b>1,442,663</b>	366,216	<b>4,262,050</b>	416,900

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	<b>(13,464,470)</b>	(5,384,693)	<b>(50,939,547)</b>	(21,665,085)

  

	Number of shares		Number of shares	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,391,400,000</b>	1,391,400,000	<b>1,391,400,000</b>	1,391,400,000
Effect of dilutive potential ordinary shares: share options	–	–	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,391,400,000</b>	1,391,400,000	<b>1,391,400,000</b>	1,391,400,000



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 8. INTANGIBLE ASSETS

	<b>30 September 2018 HK\$</b>	31 March 2018 HK\$
Trading rights (a)	<b>500,000</b>	500,000
Breeding rights (b)	<b>1,619,494</b>	1,831,033
	<b>2,119,494</b>	2,331,033

(a) Upon the adoption of HKAS 38 "Intangible assets", the Group's eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited at carrying amount of HK\$500,000 is considered to have infinite useful lives, accordingly it is not amortised.

(b) The breeding rights acquired in 2017 was with respect to breeding rights of a stallion, Golden Horn. In term of the breeding right agreement, the Group is granted one nomination in every breeding season.

## 9. GOODWILL

	<b>30 September 2018 HK\$</b>	31 March 2018 HK\$
<b>Cost</b>		
Balance at 1 April 2018/2017	<b>60,956,949</b>	484,422,342
Additions	-	3,000,000
Disposal of subsidiaries	-	(426,465,393)
Balance at 30 September/31 March	<b>60,956,949</b>	60,956,949
<b>Impairment</b>		
Balance at 1 April 2018/2017	<b>4,919,193</b>	431,384,586
Written back on disposal of subsidiaries	-	(426,465,393)
Balance at 30 September/31 March	<b>4,919,193</b>	4,919,193
<b>Carrying amounts</b>		
At 30 September/31 March	<b>56,037,756</b>	56,037,756

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) as at 30 September 2018 is allocated as follow:

	<b>30 September 2018 HK\$</b>	31 March 2018 HK\$
Securities brokerage and asset management business	<b>52,537,757</b>	52,537,757
Money lending business	<b>3,499,999</b>	3,499,999
	<b>56,037,756</b>	56,037,756

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
<b>Cost:</b>		
Balance at 1 April 2018/2017	<b>94,806,627</b>	96,881,091
Additions	<b>1,807,379</b>	2,532,930
Disposals	<b>(107,970)</b>	(1,509,571)
Disposal of subsidiaries	-	(3,927,106)
Foreign currency realignment	<b>(3,548,614)</b>	829,283
Balance at 30 September/31 March	<b>92,957,422</b>	94,806,627
<b>Accumulated Depreciation:</b>		
Balance at 1 April 2018/2017	<b>46,992,917</b>	45,460,722
Depreciation charge	<b>1,294,434</b>	5,390,799
Written back	<b>(90,461)</b>	(53,363)
Written back upon disposal of subsidiaries	-	(3,927,106)
Foreign currency realignment	<b>(371,730)</b>	121,865
Balance at 30 September/31 March	<b>47,825,160</b>	46,992,917
<b>Net book values:</b>		
At 30 September/31 March	<b>45,132,262</b>	47,813,710

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 11. TRADE RECEIVABLES

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Trade receivables	<b>23,422,233</b>	13,415,671
Less: Provision for bad debts	<b>(2,713,412)</b>	(3,571,599)
	<b>20,708,821</b>	9,844,072
Accounts receivables from brokers, dealers and clearing house	<b>3,154,667</b>	449,624
	<b>23,863,488</b>	10,293,696

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:

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Within 30 days	<b>12,980,034</b>	7,812,372
31–60 days	<b>4,752,517</b>	212,389
61–90 days	<b>62,532</b>	27,528
Over 90 days	<b>2,913,738</b>	1,791,783
	<b>20,708,821</b>	9,844,072

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Deposits	<b>5,000,443</b>	5,842,624
Prepayments	<b>2,690,949</b>	6,021,375
Other receivables	<b>2,514,404</b>	7,100,227
	<b>10,205,796</b>	18,964,226

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

### 13. TRADE PAYABLES

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Trade payables	<b>4,156,178</b>	3,889,517
Accounts payables to clients and clearing house	<b>129,095,387</b>	126,010,232
	<b>133,251,565</b>	129,899,749

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.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The following is an aging analysis of trade payables (excluding account payment to clients and clearing house) at the end of reporting date:

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Within 30 days	<b>2,935,211</b>	3,630,837
31–90 days	<b>251,279</b>	240,623
91–120 days	<b>969,688</b>	18,057
	<b>4,156,178</b>	3,889,517

### 14. PROMISSORY NOTE

	<b>30 September 2018 HK\$ (Unaudited)</b>	31 March 2018 HK\$ (Audited)
Current	<b>128,618,217</b>	122,746,753
Non-current	<b>373,456,781</b>	360,190,535
	<b>502,074,998</b>	482,937,288

At 30 September 2018, the promissory notes were unsecured, bears interest at 2% and 7% per annum and will mature on 28 February 2019 and 30 January 2021 respectively.

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 15. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Ordinary shares of Authorised: At 31 March/30 September 2018 (HK\$0.04 each)	40,000,000,000	1,600,000,000
Issued and fully paid: At 31 March/30 September 2018	1,391,400,000	55,656,000

## 16. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### Compensation of key management personnel

The remuneration of directors and key executives as key management of the Group during the period was as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Short-term benefits	946,125	882,225	1,892,250	1,764,450
Post-employment benefits	13,500	13,500	27,000	27,000
	<b>959,625</b>	895,725	<b>1,919,250</b>	1,791,450

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF FINANCIAL PERFORMANCE

The Group recorded a turnover of approximately HK\$67,447,000 for the six months ended 30 September 2018, an increase of 73% when compared to the corresponding period in the last fiscal year. The increase was mainly due to an increase in revenue generated from financial services business as compared with last fiscal year.

The direct costs were decreased to approximately HK\$15,451,000 from approximately HK\$16,334,000 compared with the same period last year. The increase in gross profit margin was mainly due to an increase in revenue generated from financial services business as compared with last fiscal year.

Administrative expenses made an increase of 258% to approximately HK\$92,550,000 compared to approximately HK\$35,815,000 in 2017. The increase was mainly due to an increase in exchange loss generated from equine services business during the period.

The loss attributable to equity holders of the Company for the six months ended 30 September 2018 was approximately HK\$50,940,000 as compared to net loss of HK\$21,665,000 from the corresponding period in the previous fiscal year. The loss figure was mainly due to an increase in exchange loss for equine service business as compared with the corresponding period in the last fiscal year.

Under the condensed consolidated statement of cash flows, net cash from operating activities were increased in approximately HK\$55 million compared with the same period last year, it was mainly due to increase trade payable in approximately HK\$3 million and decrease in loan receivable, prepayment, deposit and other receivable and bonds and loans payable in approximately HK\$66 million, HK\$9 million and HK\$20 million respectively during the reporting period whilst increase in prepayment, deposit and other receivable and bonds and loans payable in approximately HK\$1 million and HK\$32 million respectively; decrease in loans receivable and trade payable in approximately HK\$5 million and HK\$33 million respectively in the corresponding period of the last fiscal year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 3.1% in 2018. The economic development in the region last year was characterized by a stable personal and industrial consumption expenditure, and a moderate level of activities 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.

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. 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 29% of the Group's stallions and bloodstocks are located outside Australia.

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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial services

A deepening trade dispute between US and China, the accelerated increase of US interest rate and the rise of protectionism create great uncertainties 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. However, we all anticipate that 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"). The transaction was subsequently completed on 29 February 2016 signaling the Group's expansion into the financial services segment.

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.

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.

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 acquisition represents a good opportunity for the Group to strengthen the development of money lending business. As at 30 September 2018, loan portfolio of the money lending business amounted to HK\$257,000,000, representing approximately 34% 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. 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.

## LIQUIDITY AND FINANCIAL RESOURCES

As of 30 September 2018, the Group's net liabilities increased to approximately HK\$101,583,000 from net liabilities of approximately HK\$73,249,000 as at 31 March 2018. The cash and bank balances as at 30 September 2018 was approximately HK\$98,054,000, representing an increase of approximately 14% when compared with the balance as at 31 March 2018. During the six months ended 30 September 2018, the Group's operation was mainly financed by the internal financial resources of the Group.

## CHARGES ON GROUP ASSETS

As at 30 September 2018, no plant and equipment of the Group was held under finance lease (2017: HK\$Nil).

## CONTINGENT LIABILITIES

As at 30 September 2018, the Group had no contingent liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN EXCHANGE EXPOSURE

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

## EMPLOYEE INFORMATION

The total number of employees was 72 as at 30 September 2018 (2017: 82), and the total remuneration for the six months ended 30 September 2018 was approximately HK\$16,910,000 (2017: HK\$16,653,000). 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 specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (1) Long positions in the shares of the Company

*Ordinary share of HK\$0.04 each of the Company*

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Cheng Ting Kong	Corporate (Note)	656,928,290	Interest of a controlled corporation	47.14%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheek Wa and as to 50% by Mr. Cheng Ting Kong.

### (2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 30 September 2018 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options HK\$	Exercise period from                      until		Number of options outstanding as at 30 September 2018
Mr. Cheng Ting Kong	25/11/2010	1,251,250	-	-	1.120	25/11/2010	24/11/2020	1,251,250
Ms. Cheng Mei Ching	9/2/2010	11,492,308	-	-	0.650	9/2/2010	8/2/2020	11,492,308
	25/11/2010	12,581,250	-	-	1.120	25/11/2010	24/11/2020	12,581,250
Mr. Lui Man Wah	10/9/2014	1,391,400	-	-	0.315	10/9/2014	9/9/2024	1,391,400
	10/9/2014	13,914,000	-	-	0.315	10/9/2014	9/9/2024	13,914,000

Save as disclosed above, during the six months ended 30 September 2018, the company grant no new share options for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

Save as disclosed above, during the six months ended 30 September 2018, none of the Directors or Chief Executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

### DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Under the terms of the option scheme adopted by the Company on 5 December 2006, the board of Directors is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company. No share option was granted or exercised during the six months ended 30 September 2018. Following the expiry of the 2006 Share Option Scheme on 4 December 2016, no further share option can be granted, but the provisions of the 2006 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2006 Share Option Scheme.

As at 30 September 2018, details of share options outstanding were as follows:

Date of grant	Number of share options				Exercise period of share options	Exercise price of share options HK\$
	At 1 April 2018	Exercised during the period	Lapsed during the period	At 30 September 2018		
19/08/2008	91,241,206	–	91,241,206	–	19/08/2008 to 18/08/2018	0.830
27/08/2008	6,628,572	–	6,628,572	–	27/08/2008 to 26/08/2018	0.840
16/12/2009	68,244,444	–	–	68,244,444	16/12/2009 to 15/12/2019	0.540
09/02/2010	22,984,616	–	–	22,984,616	09/02/2010 to 08/02/2020	0.650
25/11/2010	65,408,750	–	–	65,408,750	25/11/2010 to 24/11/2020	1.120
07/12/2010	12,635,714	–	–	12,635,714	07/12/2010 to 06/12/2020	1.260
10/09/2014	29,219,400	–	–	29,219,400	10/09/2014 to 09/09/2024	0.315
	296,362,702	–	97,869,778	198,492,924		

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL**

### **DIRECTORS' RIGHT TO ACQUIRE SHARES**

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

### **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance to which the Group was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

### **SUBSTANTIAL SHAREHOLDERS AND DISCLOSURE UNDER SFO**

So far as is known to any Directors or chief executives of the Company, as at 30 September 2018, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

### Long positions in the shares of the Company

Ordinary share of HK\$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited (Note 1)	Corporate	654,677,040	Beneficial owner	47.05%
Cheng Ting Kong (Note 1)	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Chau Cheek Wa (Note 1)	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Raywell Holdings Limited (Note 2)	Corporate	135,430,000	Beneficial owner	9.73%
Yeung Hak Kan (Note 2)	Corporate	135,430,000	Interest of a controlled corporation	9.73%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheek Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheek Wa are deemed under the SFO to be interested in the 654,677,040 shares beneficially owned by First Cheer Holdings Limited.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 September 2018, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL**

### **PRE-EMPTIVE RIGHTS**

There are 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.

### **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the GEM Listing Rules), has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

### **AUDIT COMMITTEE**

The Company set up an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Audit Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are independent non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the six months ended 30 September 2018 were reviewed by the Audit Committee.

### **REMUNERATION COMMITTEE**

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the period under review, the Remuneration Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor 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.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

### CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 September 2018, the Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code"), save for the deviations discussed below:

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Cheng Ting Kong (chairman of the Board) was unable to attend the 2018 AGM due to unexpected engagement. Mr. Lui Man Wah (executive Director and chief executive officer of the Company) was appointed as the chairman of the 2018 AGM in replying to questions raised by shareholders at the 2018 AGM.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

### BOARD OF DIRECTORS

As at the date of this report, 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.

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

Hong Kong, 8 November 2018