



Sun International Resources Limited  
太陽國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029



*Ride for the success*

Interim Report 2014



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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

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

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*This 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.*

## FINANCIAL SUMMARY (UNAUDITED)

- Turnover of the Group was approximately HK\$72,540,000 for the six months ended 30 September 2014, representing a decrease of approximately 8% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2014, gross profit of the Group was approximately HK\$40,186,000 as compared to the gross profit of approximately HK\$54,464,000 from the corresponding period in the previous fiscal year.
- Loss attributable to shareholders of the Group for the six months ended 30 September 2014 amounted to approximately HK\$92,553,000 as compared to net loss of approximately HK\$32,327,000 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 2014 (2013: Nil).

## CONSOLIDATED INTERIM RESULTS FOR 2014 (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 2014, together with the comparative unaudited figures for the corresponding period in 2013 were as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2014

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Revenue	2	<b>28,168,325</b>	44,156,652	<b>72,539,874</b>	78,687,938
Direct costs		<b>(15,784,362)</b>	(14,548,777)	<b>(32,353,994)</b>	(24,223,493)
Gross profit		<b>12,383,963</b>	29,607,875	<b>40,185,880</b>	54,464,445
Other operating income		<b>(1,669,576)</b>	884,430	<b>17,307,850</b>	2,233,246
Administrative expenses		<b>(54,886,790)</b>	(62,218,816)	<b>(118,872,473)</b>	(84,777,001)
Share of losses of associates		<b>(106,045)</b>	(70,215)	<b>(200,011)</b>	(211,956)
Loss on disposal of subsidiaries		<b>(22,694,347)</b>	–	<b>(24,468,363)</b>	–
Finance costs		<b>(9,241,945)</b>	(944,917)	<b>(13,595,559)</b>	(8,520,894)
(Loss)/Profit before taxation	3	<b>(76,214,740)</b>	(32,741,643)	<b>(99,642,676)</b>	(36,812,160)
Income tax expense	4	<b>(26)</b>	(576,338)	<b>(752)</b>	(1,091,978)
<b>(Loss)/Profit for the period</b>		<b>(76,214,766)</b>	(33,317,981)	<b>(99,643,428)</b>	(37,904,138)
<b>Other comprehensive (loss)/income:</b>					
Dividend paid		–	–	<b>(2,260,000)</b>	–
Currency translation differences		<b>4,997,770</b>	(8,070,468)	<b>(4,620,957)</b>	(9,744,774)
<b>Other comprehensive (loss)/income for the period</b>		<b>4,997,770</b>	(8,070,468)	<b>(6,880,957)</b>	(9,744,774)

## CONSOLIDATED INTERIM RESULTS FOR 2014 (UNAUDITED)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
<b>Total comprehensive (loss)/income for the period</b>		<b>(71,216,996)</b>	(41,388,449)	<b>(106,524,385)</b>	(47,648,912)
<b>(Loss)/Profit attributable to:</b>					
Equity holders of the Company		<b>(77,621,757)</b>	(27,714,176)	<b>(92,553,377)</b>	(32,327,469)
Non-controlling interests		<b>1,406,991</b>	(5,603,805)	<b>(7,090,051)</b>	(5,576,668)
		<b>(76,214,766)</b>	(33,317,981)	<b>(99,643,428)</b>	(37,904,137)
<b>Total comprehensive (loss)/income attributable to:</b>					
Equity holders of the Company		<b>(82,529,247)</b>	(34,933,261)	<b>(103,958,490)</b>	(41,747,373)
Non-controlling interests		<b>11,312,251</b>	(6,455,188)	<b>(2,565,895)</b>	(5,901,539)
		<b>(71,216,996)</b>	(41,388,449)	<b>(106,524,385)</b>	(47,648,912)
<b>Dividend</b>	5	-	-	-	-
<b>Earnings per share</b>	6				
Basic (HK cents per share)		<b>(11.16)</b>	(2.99)	<b>(13.30)</b>	(3.49)
Diluted (HK cents per share)		<b>(11.16)</b>	(2.99)	<b>(13.30)</b>	(3.49)



## CONSOLIDATED INTERIM RESULTS FOR 2014 (UNAUDITED)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	At 30 September 2014 HK\$ (Unaudited)	At 31 March 2014 HK\$ (Audited)
<b>Non-current assets</b>			
Goodwill	7	<b>180,513,136</b>	180,513,136
Property, plant and equipment	8	<b>75,619,253</b>	150,558,673
Biological assets – non-current portion		<b>78,897,199</b>	51,125,209
Deferred tax assets		–	1,331,547
Interest in associate		<b>288,038,590</b>	282,047,787
		<b>623,068,178</b>	665,576,352
<b>Current assets</b>			
Inventories		<b>20,616,126</b>	22,484,750
Biological assets – current portion		<b>138,312,296</b>	126,888,730
Trade receivables	9	<b>55,948,388</b>	62,843,747
Prepayments, deposits and other receivables	10	<b>13,524,674</b>	11,901,142
Amount due from non-controlling shareholder of a subsidiary		–	9,360,000
Tax receivable		<b>7,260,098</b>	10,046,528
Bank balances and cash		<b>59,113,204</b>	65,105,903
		<b>294,774,786</b>	308,630,800
<b>Current liabilities</b>			
Trade payables	11	<b>7,978,488</b>	32,408,851
Accruals and other payables		<b>30,863,783</b>	54,471,107
Deposits received and deferred income		<b>38,134,372</b>	38,710,151
Promissory note	13	<b>140,000,000</b>	140,000,000
		<b>216,976,643</b>	265,590,109

## CONSOLIDATED INTERIM RESULTS FOR 2014 (UNAUDITED)

	Notes	<b>At 30 September 2014 HK\$ (Unaudited)</b>	At 31 March 2014 HK\$ (Audited)
Net current assets		<b>77,798,143</b>	43,040,691
Total asset less current liabilities		<b>700,866,321</b>	708,617,043
Non-current liabilities			
Amount due to a non-controlling shareholder of a subsidiary	12	<b>25,350,000</b>	25,350,000
Interest bearing borrowing		–	101,226,337
Debenture		<b>200,000,000</b>	–
Deferred tax liabilities	14	<b>517,564</b>	517,564
		<b>225,867,564</b>	127,093,901
		<b>474,998,757</b>	581,523,142
Capital and reserves			
Share capital	15	<b>55,656,000</b>	55,656,000
Reserves		<b>436,702,515</b>	540,661,005
Non-controlling interest		<b>(17,359,758)</b>	(14,793,863)
		<b>474,998,757</b>	581,523,142

## CONSOLIDATED INTERIM RESULTS FOR 2014 (UNAUDITED)

### CONDENSED CONSOLIDATION INTERIM STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2014*

	Attributable to equity holders of the Company										
	Share Capital	Share Premium	Capital Redemption Reserve	Merger Deficit	Share Option Reserve	Convertible Notes Reserve	Exchange Translation Reserve	Accumulated Profits/(Loss)	Sub-total	Non-Controlling Interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2013 (Audited)	37,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(7,749,706)	67,832,347	893,007,579	187,499,939	1,060,497,518
Profit for the six months ended 30 September 2013	-	-	-	-	-	-	-	(32,327,469)	(32,327,469)	(5,576,668)	(37,904,137)
Other comprehensive income:											
Currency translation differences	-	-	-	-	-	-	(9,419,904)	-	(9,419,904)	(324,871)	(9,744,775)
Total comprehensive income for the six months ended 30 September 2013	-	-	-	-	-	-	(9,419,904)	(32,327,469)	(41,747,373)	(5,901,539)	(47,648,912)
At 30 September 2013 (Unaudited)	37,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(17,169,610)	35,504,878	851,260,206	181,588,400	1,032,848,606
At 1 April 2014 (Audited)	55,656,000	775,075,169	254,600	369,866	38,254,919	-	(3,665,018)	(269,628,531)	596,317,005	(14,793,863)	581,523,142
Profit for the six months ended 30 September 2014	-	-	-	-	-	-	-	(92,553,377)	(92,553,377)	(7,090,051)	(99,643,428)
Other comprehensive income:											
Dividend paid	-	-	-	-	-	-	-	(2,260,000)	(2,260,000)	-	(2,260,000)
Currency translation differences	-	-	-	-	-	-	(9,145,113)	-	(9,145,113)	4,524,156	(4,620,957)
Total comprehensive income for the six months ended 30 September 2014	-	-	-	-	-	-	(9,145,113)	(94,813,377)	(103,958,490)	(2,565,895)	(106,524,385)
At 30 September 2014 (Unaudited)	55,656,000	775,075,169	254,600	369,866	38,254,919	-	(12,810,131)	(364,441,908)	492,358,515	(17,359,758)	474,998,757



## CONSOLIDATED INTERIM RESULTS FOR 2014 (UNAUDITED)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2014*

	For the six months ended 30 September	
	2014	2013
	HK\$	HK\$
	(Unaudited)	(Unaudited)
<b>Net cash used in operating activities</b>	<b>(98,063,262)</b>	(56,834,160)
<b>Net cash used in investing activities</b>	<b>(9,344,075)</b>	(122,264,081)
<b>Net cash from financing activities</b>	<b>85,918,104</b>	30,114,110
<b>Net decrease in cash and cash equivalent</b>	<b>(21,489,233)</b>	(148,984,131)
<b>Cash and cash equivalent at the beginning of the period</b>	<b>65,105,903</b>	172,901,735
<b>Effect of exchange rate changes</b>	<b>15,496,534</b>	(501,007)
<b>Cash and cash equivalent at the ended of the period</b>	<b>59,113,204</b>	23,416,597

# 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 2014.

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 2010, 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 2014.

The unaudited consolidated results of the Group for the six months ended 30 September 2013 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 five business segments – computer software solution and services, hotel services, equine services, mining and others.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 2. REVENUE (Continued)

#### Segment Information

For the period ended 30 September 2014 (Unaudited)

	Computer software solution and services HK\$	Hotel services HK\$	Equine services HK\$	Mining services HK\$	Others HK\$	Consolidated HK\$
<b>Turnover</b>						
External sales	35,205,226	4,145,493	33,189,155	-	-	72,539,874
<b>Result</b>						
Segment result	25,666,835	(3,954,230)	(55,254,367)	(14,488,809)	(6,271,799)	(54,302,370)
Unallocated corporate income						3,600
Unallocated corporate expenses						(31,748,347)
Finance cost						(13,595,559)
Profit before tax						(99,642,676)
Income tax expense						(752)
Loss for the period						(99,643,428)

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 2. REVENUE (Continued)

#### Segment Information (Continued)

For the period ended 30 September 2013 (Unaudited)

	Computer software solution and services HK\$	Hotel services HK\$	Equine services HK\$	Mining services HK\$	Others HK\$	Consolidated HK\$
<b>Turnover</b>						
External sales	49,357,370	18,889,725	10,440,843	-	-	78,687,938
<b>Result</b>						
Segment result	24,955,301	(4,228,867)	(29,016,656)	(9,807,908)	(5,198,485)	(23,296,615)
Unallocated corporate income						9,741
Unallocated corporate expenses						(5,004,393)
Finance cost						(8,520,894)
Profit before tax						(36,812,161)
Income tax expense						(1,091,977)
Loss for the period						(37,904,138)

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 2. REVENUE (Continued)

#### Geographical segments

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

*Revenue from external customers*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>12,627,190</b>	29,407,370
The Philippines	<b>4,145,493</b>	18,889,725
Macau	<b>22,963,617</b>	19,950,000
Australia	<b>32,803,574</b>	10,440,843
	<b>72,539,874</b>	78,687,938

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

	<b>Non-current assets</b>	
	<b>2014</b>	2013
	<b>HK\$</b>	HK\$
Hong Kong	<b>474,994,303</b>	481,840,911
The Philippines	–	125,187,016
Indonesia	<b>9,067,920</b>	540,137,358
Macau	<b>83,990</b>	133,003
Australia	<b>138,921,965</b>	118,428,141
	<b>623,068,178</b>	1,265,726,429



## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 3. PROFIT BEFORE TAXATION

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Employee benefits expense including those of directors – wages, salaries and others	9,506,499	11,349,896	19,377,646	21,507,709
Depreciation for property, plant and equipment				
– owned assets	2,341,157	3,137,688	5,790,060	5,847,202
– finance lease assets	–	–	–	–
Interest income	98,800	609,725	321,343	622,092

### 4. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2013: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended		For the six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Over-provision in prior year				
– Overseas taxation	–	–	–	(9,634)
Current income tax				
– Hong Kong profits tax	–	535,892	–	1,101,612
– Overseas taxation	26	40,446	752	–
	26	576,338	752	1,091,978

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

### 6. 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	
	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	<b>(77,621,757)</b>	(27,714,176)	<b>(92,553,377)</b>	(32,327,469)

	Number of shares		Number of shares	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>695,700,000</b>	927,600,000	<b>695,700,000</b>	927,600,000
Effect of dilutive potential ordinary shares: share options	-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>695,700,000</b>	927,600,000	<b>695,700,000</b>	927,600,000

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 7. GOODWILL

	<b>30 September 2014 HK\$</b>	31 March 2014 HK\$
<b>Cost</b>		
Balance at 1 April 2014/2013	<b>510,685,062</b>	510,685,062
Charge for the year	–	–
Balance at 30 September/31 March	<b>510,685,062</b>	510,685,062
<b>Impairment</b>		
Balance at 1 April 2014/2013	<b>330,171,926</b>	280,800,833
Charge for the year	–	49,371,093
Balance at 30 September/31 March	<b>330,171,926</b>	330,171,926
<b>Carrying amounts</b>		
At 30 September/31 March	<b>180,513,136</b>	180,513,136

#### 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 2014 is allocated as follow:

	<b>30 September 2014 HK\$</b>	31 March 2014 HK\$
Computer software solution and services	<b>180,513,136</b>	180,513,136
	<b>180,513,136</b>	180,513,136

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 8. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
<b>Cost:</b>		
Balance at 1 April 2014/2013	<b>191,486,080</b>	79,495,683
Additions	<b>11,669,862</b>	51,237,241
Disposals	<b>(179,895)</b>	(2,377,004)
Elimination upon disposal of subsidiaries	<b>(96,014,196)</b>	–
Transfer from investment property	–	74,658,621
Exchange realignment	<b>(1,078,058)</b>	(11,528,461)
<b>Balance at 30 September/31 March</b>	<b>105,883,793</b>	191,486,080
<b>Depreciation:</b>		
Balance at 1 April 2014	<b>40,927,407</b>	28,863,661
Depreciation charge	<b>5,790,060</b>	15,946,914
Elimination upon disposal	<b>(149,059)</b>	(1,548,599)
Elimination upon disposal of subsidiaries	<b>(16,493,599)</b>	–
Exchange realignment	<b>189,731</b>	(2,334,569)
<b>Balance at 30 September/31 March</b>	<b>30,264,540</b>	40,927,407
<b>Net book values:</b>		
<b>At 30 September/31 March</b>	<b>75,619,253</b>	150,558,673

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 9. TRADE RECEIVABLES

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

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Within 30 days	<b>9,873,116</b>	23,464,820
31–60 days	<b>8,649,271</b>	26,397,817
61–90 days	<b>5,852,923</b>	1,061,396
Over 90 days	<b>31,573,078</b>	11,919,714
	<b>55,948,388</b>	62,843,747

The average credit period on the trade receivables is 30-180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar.

The directors of the Company consider that no provision for impairment shall be made to trade receivables that are past due as the credit quality of the debtors are sound. The directors of the Company consider that the carrying amounts of the Group's trade receivables at 30 September 2014 approximate to their fair values.

### 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Deposits	<b>1,702,160</b>	4,030,401
Prepayments	<b>8,169,032</b>	4,429,006
Other receivables	<b>3,653,482</b>	3,441,735
	<b>13,524,674</b>	11,901,142

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



## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 11. TRADE PAYABLES

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

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Within 30 days	<b>5,662,047</b>	25,385,194
31–90 days	<b>369,483</b>	4,952,574
91–120 days	<b>22,690</b>	–
Over 180 days	<b>1,924,268</b>	2,071,083
	<b>7,978,488</b>	32,408,851

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the year ended 30 September 2014, the average effective interest rate was 12.16% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

### 12. AMOUNT DUE TO A RELATED COMPANY/A SHAREHOLDER

The amount due to a related company/a shareholder is unsecured, interest free and repayable on demand.

The Directors consider that the carrying amount of amount due to a related company/a shareholder approximates its fair value.

### 13. PROMISSORY NOTE

	<b>30 September 2014 HK\$</b>	31 March 2014 HK\$
Current	<b>140,000,000</b>	140,000,000

At 30 September 2014, the promissory note was unsecured, interest free and will mature on 30 March 2015.

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 14. DEFERRED TAX

The following are major deferred tax liabilities recognised and movements thereon during the period/year:

	<b>30 September 2014 HK\$ (Unaudited)</b>	31 March 2014 HK\$ (Audited)
Balance at 1 April 2014/2013	<b>(517,564)</b>	(126,156,559)
Reversal for the period	–	125,638,995
<b>Balance at 30 September/31 March</b>	<b>(517,564)</b>	(517,564)

### 15. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Amount HK\$</b>
Ordinary shares of		
Authorised:		
At 31 March/30 September 2014 (HK\$0.08 each)	20,000,000,000	1,600,000,000
Issued and fully paid:		
At 31 March/30 September 2014	695,700,000	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:

	<b>For the three months ended 30 September</b>		<b>For the six months ended 30 September</b>	
	<b>2014 HK\$ (Unaudited)</b>	2013 HK\$ (Unaudited)	<b>2014 HK\$ (Unaudited)</b>	2013 HK\$ (Unaudited)
Short-term benefits	<b>786,790</b>	2,228,100	<b>1,569,580</b>	3,784,200
Post-employment benefits	<b>16,000</b>	22,300	<b>34,000</b>	51,700
	<b>802,790</b>	2,250,400	<b>1,603,580</b>	3,835,900

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 17. DISPOSAL OF A SUBSIDIARIES

On 31 May 2014, the Group disposal of its subsidiary, Alliance Computer Systems Limited. The net assets of Alliance Computer Systems Limited at the date of disposal were as follow:

HK\$

#### **Analysis of assets and liabilities over which control was lost:**

Property, plant and equipment	1,864,996
Inventory	3,826
Trade and other receivables	4,435,519
Prepayment and deposit paid	622,876
Bank balance and cash	1,088,158
Accruals and other payable	(409,074)
Deposit received	(193,363)
Tax recoverable	561,078

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Net assets disposal of	7,974,016
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#### **Loss on disposal of subsidiary**

Cash consideration received	6,200,000
Net assets disposal of	(7,974,016)

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Loss on disposal	(1,774,016)
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#### **Net cash inflow arising on disposal**

Cash consideration	6,200,000
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## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

### 17. DISPOSAL OF A SUBSIDIARIES (Continued)

On 31 July 2014, the Group disposal of its subsidiary, Superb Kings Limited. The net assets of Superb Kings Limited, with its subsidiary, at the date of disposal were as follows:

HK\$

#### **Analysis of assets and liabilities over which control was lost:**

Property, plant and equipment	76,414,392
Inventory	974,307
Prepayment, deposit and other receivables	625,862
Bank balances and cash	2,928,093
Trade payable	(460,728)
Accruals and other payables	(22,777,134)

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Net assets disposal of	57,704,792
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#### **Loss on disposal of subsidiary**

Cash consideration received	35,000,000
Net assets disposal of	(57,704,792)

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Loss on disposal	(22,704,792)
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#### **Net cash inflow arising on disposal**

Cash consideration	35,000,000
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## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL PERFORMANCE

The Group recorded a turnover of approximately HK\$72,540,000 for the six months ended 30 September 2014, a decrease of 8% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to decrease in revenue generated from hotel services segment.

The direct costs were increased to approximately HK\$32,354,000 from approximately HK\$24,223,000 compared with the same period last year and the decrease in gross profit margin was mainly due to decrease in turnover of hotel services and computer services businesses and increase in direct cost of equine business.

No amortisation expenses incurred in 2014 and 2013. It was mainly due to suspension in production of mining business during the period.

Administrative expenses made an increase of 40% to approximately HK\$118,872,000 compared to approximately HK\$84,777,000 in 2013. The increase was mainly due to the increase in expenses incurred in equine services business.

The loss attributable to equity holders of the Company for the six months ended 30 September 2014 was approximately HK\$92,553,000 as compared to net profit of HK\$32,327,000 from the corresponding period in the previous fiscal year. The decrease was mainly due to decrease in revenue generated from hotel services segment and increase in direct cost and administrative expenses of equine business services during the reporting period.

Under the condensed consolidated statement of cash flows, net cash from operating activities were decreased in approximately HK\$41 million compared with the same period last year, it was mainly due to increase in inventory and biological assets in approximately HK\$10 million during the period, while increased HK\$55 million of that in the corresponding period of the last fiscal year, and the increase in approximately HK\$2 million in prepayment, deposit and other receivable during the period, while decreased HK\$15 million in the corresponding period of the last fiscal year.

### PRODUCTION AND REVENUE OF MINING ACTIVITIES

The group's mining production of iron ore were suspended and no revenue generated for the six months ended 30 September 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the period under review, the demand for natural resources remains stable. Prior to 2008, the Group was principally engaged in investment holding, hotel services and computer software solution. On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited (“Yuet Sing”) as associates. Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei Province, PRC. These will provide a great potential for the business growth as the Group is able to step into the natural resources business.

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

The Group has taken steps for market research on the current demand and expectation of online game customers. The related sales and promotion advertising activities has been adopted through internet and other medium platform.

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

### PROSPECTS

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

Due to the announced Regulations in Indonesia concerning provisions of mining product export No. 29/M-DAG/Per/r/2012 and No. 574.K/30/DJB/2012, iron ores produced from the Two Iron Mines in Padang and Ende are not allowed to be exported from Indonesia, instead, they can only be sold locally before obtaining the Export Approvals. In view that the selling price of iron ores in the local market of Indonesia cannot sufficiently and effectively compensate the production costs of the Two Iron Mines, the Board has decided to suspend the operation of the Two Iron Mines pending the grant of the Export Approvals or change of laws in Indonesia to a favourable condition for the operation of the Two Iron Mines.

The board has been actively seeking opportunities to diversify the business scope and broaden the revenue base of the Group. In August 2013, the Group had completed a purchase of one of Australia's largest stud farms, Eliza Park, in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Future plans include the purchase of bloodstock from the global marketplace, which would then be raised and traded when they reached a certain age. In addition, a research will be launched for building new pre-training and racing facilities which will include an uphill, all-weather, undercover training track, along with the training infrastructure. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

### LIQUIDITY AND FINANCIAL RESOURCES

As of 30 September 2014, the Group's net assets decreased by approximately HK\$106,524,000 from net assets of approximately HK\$581,523,000 as at 31 March 2014. The cash and bank balances as at 30 September 2014 was approximately HK\$59,113,000, representing a decrease of approximately 9% when compared with the balance as at 31 March 2014. During the six months ended 30 September 2014, the Group's operation was mainly financed by placing of bond through a financial institution.

### CHARGES ON GROUP ASSETS

As at 30 September 2014, no plant and equipment of the Group was held under finance lease (2013: HK\$Nil).

### CONTINGENT LIABILITIES

As at 30 September 2014, 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, Indonesian Rupiah, PESO, Renminbi 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 102 as at 30 September 2014 (2013: 423), and the total remuneration for the six months ended 30 September 2014 was approximately HK\$19,378,000 (2013: HK\$21,508,000). 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 2014, 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 Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of 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\$0.08 each of the Company**

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheek Wa	Corporate (Note)	327,964,145	Interest of a controlled corporation	47.14%
Mr. Lo Kai Bong	Personal	3,320,000	Beneficial owner	0.48%
Mr. Lee Chi Shing, Caesar	Personal	375,000	Beneficial owner	0.05%

*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.

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

### (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 2014 were as follows:

Name of Director	Date of grant	Number of share options	Exercise during the year	Share option lapsed	Exercised price of share option HK\$	Exercise period		Number of options outstanding as at 30 September 2014
						from	until	
Mr. Chau Cheuk Wa	25/11/2010	625,625	-	-	2.24	25/11/2010	24/11/2020	625,625
Ms. Cheng Mei Ching	9/2/2010	5,746,154	-	-	1.30	9/2/2010	8/2/2020	5,746,154
	25/11/2010	6,290,625	-	-	2.24	25/11/2010	24/11/2020	6,290,625
Mr. Lee Chi Shing, Caesar	19/8/2008	5,754,940	-	-	1.66	19/08/2008	18/08/2018	5,754,940
	9/2/2010	5,746,154	-	-	1.30	9/2/2010	8/2/2020	5,746,154
	25/11/2010	6,290,625	-	-	2.24	25/11/2010	24/11/2020	6,290,625

Save as disclosed above, during the six months ended 30 September 2014, none of the Directors or their respective associates was granted share option to subscribe for shares of the Company and nor had exercised such rights.

Save as disclosed above, during the six months ended 30 September 2014, none of the Directors or chief executives 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 New 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.

The operation of the old share option scheme was terminated on 5 December 2006, upon the approval of shareholders at the extraordinary general meeting held on 5 December 2006. Under the old share option scheme, no share option was outstanding as at 30 September 2013 and no share option was granted or exercised during the six months ended 30 September 2013.

As at 30 September 2014, 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 2014	Exercised during the period	At 30 September 2014		
13/08/2007	12,056,364	–	12,056,364	13/8/2007 to 12/8/2017	1.10
17/08/2007	6,646,154	–	6,646,154	17/8/2007 to 16/8/2017	1.04
21/08/2007	6,624,000	–	6,624,000	21/08/2007 to 20/08/2017	1.00
19/08/2008	45,620,603	–	45,620,603	19/08/2008 to 18/08/2018	1.66
27/08/2008	3,314,286	–	3,314,286	27/08/2008 to 26/08/2018	1.68
16/12/2009	34,122,222	–	34,122,222	16/12/2009 to 15/12/2019	1.08
09/02/2010	11,492,308	–	11,492,308	09/02/2010 to 08/02/2020	1.30

## DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Date of grant	Number of share options			Exercise period of share options	Exercise price of share options HK\$
	At 1 April 2014	Exercised during the period	At 30 September 2014		
25/11/2010	32,704,375	–	32,704,375	25/11/2010 to 24/11/2020	2.24
07/12/2010	6,317,857	–	6,317,857	07/12/2010 to 06/12/2020	2.52
	158,898,169	–	158,898,169		

### 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 2012, 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:

### LONG POSITIONS IN THE SHARES OF THE COMPANY Ordinary share of HK\$0.08 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	327,338,520	Beneficial owner	47.05%
Cheng Ting Kong (Note 1)	Corporate	327,338,520	Interest of a controlled corporation	47.05%
Chau Cheek Wa (Note 1)	Corporate	327,338,520	Interest of a controlled corporation	47.05%
Raywell Holdings Limited (Note 2)	Corporate	67,715,000	Beneficial owner	9.73%
Yeung Hak Kan (Note 2)	Corporate	67,715,000	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 327,338,520 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 67,715,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 September 2014, 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.

## **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. Wang Zhigang, 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 2014 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. Wang Zhigang, all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

## **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**

The Company has complied with the code provision set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2014.

## **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 five executive Directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lee Chi Shing, Caesar, Mr. Lo Kai Bong and Mr. Lui Man Wah and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang.

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

Hong Kong, 7 November 2014