



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

**AUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

AUDITED FINANCIAL RESULTS

The Board of Directors (the “Board”) of Sun International Group Limited (the “Company”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively refer to as the “Group”) for the year ended 31 March 2021 together with the comparative figures for the previous year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	63,724	98,073
Direct costs		<u>(6,392)</u>	<u>(6,665)</u>
Gross profit		57,332	91,408
Other operating income	5	3,605	911
Reversal of allowance for expected credit loss, net	6	25,130	7,646
Other gains and losses	7	(28,616)	(38,075)
Administrative expenses		(72,052)	(87,286)
Finance costs	8	(20,527)	(26,729)
Fair value change of biological assets, net		<u>(22,324)</u>	<u>(8,102)</u>
Loss before taxation	9	(57,452)	(60,227)
Income tax expense	10	<u>(4,476)</u>	<u>(258)</u>
Loss for the year		<u>(61,928)</u>	<u>(60,485)</u>
Other comprehensive income/(loss):			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value adjustment upon transfer of previously self-occupied properties to investment properties		9,973	–
Tax effect relating to fair value adjustment upon transfer of previously self-occupied properties to investment properties		(5,561)	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>8,931</u>	<u>(5,477)</u>
Other comprehensive income/(loss) for the year		<u>13,343</u>	<u>(5,477)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(48,585)</u>	<u>(65,962)</u>
Loss per share (HK cents)	12		
Basic and diluted		<u>(2.85)</u>	<u>(3.05)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Intangible assets		928	1,231
Goodwill		–	18,429
Property, plant and equipment		6,096	34,448
Right-of-use assets		3,018	4,748
Investment properties		43,240	–
Other assets		230	230
Biological assets		4,454	22,688
Loan receivables		7,563	11,701
		<u>65,529</u>	<u>93,475</u>
CURRENT ASSETS			
Biological assets		–	17
Loan receivables		21,221	26,214
Trade receivables	13	19,470	37,512
Advances to customers in margin financing		55,024	82,744
Prepayments, deposits and other receivables		3,182	11,213
Tax recoverable		209	2,474
Cash and cash equivalents		106,926	110,506
Cash held on behalf of customers		119,326	194,455
		<u>325,358</u>	<u>465,135</u>
CURRENT LIABILITIES			
Trade payables	14	127,053	208,139
Accruals and other payables		29,516	24,066
Amounts due to related companies		1,065	847
Medium-term bonds		–	26,569
Lease liabilities		2,137	2,269
		<u>159,771</u>	<u>261,890</u>
NET CURRENT ASSETS		<u>165,587</u>	<u>203,245</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>231,116</u>	<u>296,720</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Promissory notes		162,320	183,333
Deferred tax liabilities		5,561	–
Lease liabilities		1,256	2,823
		<u>169,137</u>	<u>186,156</u>
NET ASSETS		<u>61,979</u>	<u>110,564</u>
EQUITY			
Share capital		86,869	86,869
Reserves		(24,890)	23,695
TOTAL EQUITY		<u>61,979</u>	<u>110,564</u>

NOTES

For the year ended 31 March 2021

1. GENERAL

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at the reporting date, the ultimate and immediate holding company of the Company is First Cheer Holdings Limited (“First Cheer”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 50% by Mr. Chau Cheok Wa (“Mr. Chau”) and as to 50% by Mr. Cheng Ting Kong (“Mr. Cheng”).

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

During the year ended 31 March 2021, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, provision of equine related services, properties investment and investment in stallions.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ⁶

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

⁶ Effective for annual periods beginning on or after 1 April 2021.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue within the scope of HKFRS 15 (Note (i)):		
<i>Revenue from financial services</i>		
Fees and commission income:		
– Securities	16,825	32,616
– Futures	2,676	61
– Fund and bond	116	293
– Asset management fee income	60	275
	<u>19,677</u>	<u>33,245</u>
 <i>Revenue from equine services</i>		
Biological assets handling services income	7,610	8,451
Stallions service income	14,389	11,922
Sales of biological assets	–	6,070
	<u>21,999</u>	<u>26,443</u>
	<u>41,676</u>	<u>59,688</u>
 Revenue outside the scope of HKFRS 15:		
Interest income from cash and margin clients	13,200	11,241
Interest income from loan receivables	8,848	27,144
	<u>22,048</u>	<u>38,385</u>
	<u><u>63,724</u></u>	<u><u>98,073</u></u>

Note:

(i) Revenue within the scope of HKFRS 15:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Recognised at a point in time	34,006	50,962
Recognised over time	7,670	8,726
	<u>41,676</u>	<u>59,688</u>

4. SEGMENT INFORMATION

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

The Group has three operating and reportable segments – Financial service operations, equine service operations and properties investment operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

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

Particulars of the Group’s operating and reportable segments are summarised as follows:

- Financial services – provision of securities and futures brokerage; provision of margin financing, asset management services and custodian services to customers and engaging in money lending business
- Equine services – provision of stallion services and investment in stallions
- Properties investment – rental income from investment properties in Australia

Segment revenue reported as follow represents revenue generated from external customers. There was no inter-segment revenue for both years.

Segment results represent (loss incurred)/profit earned by each segment without allocation of central administrative expenses including directors’ emoluments, certain other operating income, certain other gains and losses, certain administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, certain property, plant and equipment, certain prepayments, deposits and other receivables, certain cash and cash equivalents and tax recoverable that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to operating segments other than medium-term bonds, promissory notes, certain accruals and other payables, certain lease liabilities that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

For the year ended 31 March 2021

	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>21,999</u>	<u>41,725</u>	<u>–</u>	<u>63,724</u>
Segment results	<u>(27,821)</u>	<u>7,699</u>	<u>–</u>	<u>(20,122)</u>
Unallocated corporate income				742
Unallocated finance costs				(20,476)
Unallocated corporate expenses				<u>(17,596)</u>
Loss before taxation				<u>(57,452)</u>

4. SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2021

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

	Equine services HK\$'000	Financial services HK\$'000	Properties investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Impairment losses recognised in respect of					
– goodwill	–	(18,429)	–	–	(18,429)
– intangible assets	(264)	–	–	–	(264)
Reversal/(provision) of allowance for expected credit loss, net					
– advances to customers in margin financing	–	(685)	–	–	(685)
– trade receivables	2,251	–	–	–	2,251
– loan receivables	–	23,564	–	–	23,564
Depreciation of					
– property, plant and equipment	(2,170)	(916)	–	(931)	(4,017)
– right-of-use assets	–	(744)	–	(1,731)	(2,475)
Amortisation of intangible assets	(188)	–	–	–	(188)
Loss on written off of property, plant and equipment	(2,723)	(377)	–	–	(3,100)
Net foreign exchange gain	23	5	–	230	258
Finance cost	(12)	(39)	–	(20,476)	(20,527)
Fair value change of biological assets	(22,324)	–	–	–	(22,324)
Addition to property, plant and equipment	88	933	–	3,776	4,797
Addition to right-of-use assets	–	673	–	–	673
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. SEGMENT INFORMATION (Continued)

As at 31 March 2021

	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>21,739</u>	<u>314,893</u>	<u>43,240</u>	<u>11,015</u>	<u>390,887</u>
Segment liabilities	<u>25,167</u>	<u>132,264</u>	<u>5,561</u>	<u>165,916</u>	<u>328,908</u>

For the year ended 31 March 2020

	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>26,443</u>	<u>71,630</u>	<u>98,073</u>
Segment results	<u>(27,140)</u>	<u>3,706</u>	(23,434)
Unallocated corporate income			95
Unallocated finance costs			(26,649)
Unallocated corporate expenses			<u>(10,239)</u>
Loss before taxation			<u>(60,227)</u>

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

4. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2020

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

	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment losses recognised in respect of				
– goodwill	–	(28,666)	–	(28,666)
Reversal/(provision) of allowance for expected credit loss, net				
– advances to customers in margin financing	–	1,522	–	1,522
– trade receivables	(326)	–	–	(326)
– loan receivables	–	6,450	–	6,450
Depreciation of				
– property, plant and equipment	(3,156)	(1,321)	(700)	(5,177)
– right-of-use assets	(991)	(242)	(1,010)	(2,243)
Amortisation of intangible assets	(164)	–	–	(164)
Net foreign exchange loss	(9,252)	(9)	(148)	(9,409)
Finance cost	(60)	(20)	(26,649)	(26,729)
Fair value change of biological assets	(8,102)	–	–	(8,102)
Addition to property, plant and equipment	165	138	2,594	2,897
Addition to right-of-use assets	–	–	5,193	5,193
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 March 2020

	Equine services <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>66,638</u>	<u>477,823</u>	<u>14,149</u>	<u>558,610</u>
Segment liabilities	<u>19,048</u>	<u>211,674</u>	<u>217,324</u>	<u>448,046</u>

4. SEGMENT INFORMATION (Continued)

Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	N/A ¹	13,710
Customer B	N/A ¹	11,700

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical analysis

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	41,725	71,630
Australia	21,999	26,443
	<u>63,724</u>	<u>98,073</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	9,145	26,600
Australia	48,591	54,944
	<u>57,736</u>	<u>81,544</u>

5. OTHER OPERATING INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest	87	367
Prize money from race horses	139	295
Sundry income	598	216
Imputed interest income on rental deposit	58	33
Government grant (<i>Note</i>)	2,691	–
Bad debt recovered	32	–
	<u>3,605</u>	<u>911</u>

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$2,134,000 in respect of COVID-19 related subsidies provided by Hong Kong government. There were no unfulfilled conditions or contingencies relating to these government grants.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reversal/(provision) of allowance for expected credit loss, net:		
– Advances to customers in margin financing	(685)	1,522
– Trade receivables	2,251	(326)
– Loan receivables	23,564	6,450
	<u>25,130</u>	<u>7,646</u>

7. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment loss recognised in respect of:		
– Goodwill	18,429	28,666
– Intangible asset	264	–
Loss on early redemption for promissory notes	10,181	–
Net foreign exchange (gain)/loss	(258)	9,409
	<u>28,616</u>	<u>38,075</u>

8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Effective interest expense on medium-term bonds	1,227	3,594
Effective interest expense on promissory notes	18,806	22,709
Interest on lease liabilities	494	426
	<u>20,527</u>	<u>26,729</u>

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Direct costs:		
– Cost of bloodstock sold	–	4,571
– Cost of stud farm	1,903	850
– Fee and charges of securities brokerage	4,489	1,244
Sub-total	<u>6,392</u>	<u>6,665</u>
Employee benefit expenses (including directors' remuneration):		
– Directors' emoluments	4,522	4,216
– Salaries and other benefits	23,580	24,144
– Retirement benefit scheme contributions	1,447	1,360
Sub-total	<u>29,549</u>	<u>29,720</u>
Auditors' remuneration for:		
– Audit services	1,100	1,600
– Non-audit services	100	100
Sub-total	<u>1,200</u>	<u>1,700</u>
Amortisation of intangible asset	188	164
Depreciation of property, plant and equipment	4,017	5,177
Depreciation of right-of-use assets	2,475	2,243
Loss on written off of property, plant and equipment	<u>3,100</u>	<u>–</u>

10. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	1,985	189
Under-provision in prior years:		
– Hong Kong Profits Tax	<u>2,491</u>	<u>69</u>
Income tax expense	<u><u>4,476</u></u>	<u><u>258</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

11. DIVIDEND

No dividend was paid or proposed by the board of directors of the Company for the year ended 31 March 2021 (2020: HK\$Nil).

12. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u><u>(61,928)</u></u>	<u><u>(60,485)</u></u>
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>2,171,732</u></u>	<u><u>1,983,597</u></u>

In calculating diluted loss per share, no adjustment was made in respect of the share options outstanding for both years as these share options were anti-dilutive for both years.

13. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	4,327	5,601
Less: allowance for expected credit losses	<u>(3,821)</u>	<u>(5,004)</u>
	506	597
Accounts receivables from brokers, dealers and clearing house	<u>18,964</u>	<u>36,915</u>
	<u><u>19,470</u></u>	<u><u>37,512</u></u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	385	584
31–60 days	<u>121</u>	<u>13</u>
	<u><u>506</u></u>	<u><u>597</u></u>

14. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	432	2,292
Accounts payables to clients and clearing house	<u>126,621</u>	<u>205,847</u>
	<u>127,053</u>	<u>208,139</u>

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

Accounts payables to clients and clearing house include those payables placed in trust accounts with authorised institutions of approximately HK\$119,326,000 (2020: HK\$194,455,000), placed in securities and futures dealers of approximately HK\$8,528,000 (2020: HK\$Nil) and amount due to clearing house of approximately HK\$666,000 (2020: HK\$Nil). Amount due from clearing house of approximately HK\$28,535,000 has been offset against a corresponding amount due to the clearing house (2020: Amount due to clearing house of approximately HK\$11,257,000 has been offset against a corresponding amount due from the clearing house).

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

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

Except for the accounts payables to clients which bear interest at 0.001% per annum as at 31 March 2021 (2020: 0.001%), all the trade payables are non-interest bearing.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	225	1,965
31–90 days	154	302
91–120 days	<u>53</u>	<u>25</u>
	<u>432</u>	<u>2,292</u>

The average credit period on trade payables is 90 days (2020: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Pursuant to the financial information contained in the unaudited annual results announcement of the Company dated 30 June 2021 (the “Unaudited Annual Results Announcement”) was neither audited by nor agreed with the auditors of the Company as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are details and reasons for the material differences in such financial information.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March 2021			Notes
	Audited HK\$'000	Unaudited HK\$'000	Difference HK\$'000	
Revenue	63,724	64,145	(421)	1
Direct costs	(6,392)	(7,505)	1,113	3
Gross profit	57,332	56,640	692	
Reversal of allowance for expected credit loss, net	25,130	30,430	(5,300)	1, 3
Other gains and losses	(28,616)	(28,352)	(264)	3
Administrative expenses	(72,052)	(70,799)	(1,253)	1, 3
Fair value change of biological assets, net	(22,324)	(21,979)	(345)	3
Loss before taxation	(57,452)	(50,982)	(6,470)	
Income tax expense	(4,476)	(2,211)	(2,265)	3
Loss for the year	(61,928)	(53,193)	(8,735)	
Other comprehensive loss:				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Tax effect relating to fair value adjustment upon transfer of previously self-occupied properties to investment properties	(5,561)	–	(5,561)	2
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of financial statements of foreign operations	8,931	8,027	904	3
Other comprehensive loss for the year	13,343	18,000	(4,657)	
Loss for the year attributable to:				
– Owners of the Company	(61,928)	(53,193)	(8,735)	
Total comprehensive loss for the year attributable to:				
– Owners of the Company	(48,585)	(35,193)	(13,392)	
Loss per share (HK cents)				
Basic and diluted	(2.85)	(2.45)	(0.40)	

Consolidated Statement of Financial Position

At 31 March 2021

	Audited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Difference <i>HK\$'000</i>	<i>Notes</i>
NON-CURRENT ASSETS				
Intangible assets	928	1,208	(280)	3
Property, plant and equipment	6,096	6,552	(456)	3, 5
Biological assets	4,454	4,822	(368)	3
Loan receivables	7,563	12,575	(5,012)	4
CURRENT ASSETS				
Loan receivables	21,221	16,209	5,012	4
Advances to customers in margin financing	55,024	56,384	(1,360)	1, 5
Prepayments, deposits and other receivables	3,182	4,744	(1,562)	3
Tax recoverable	209	2,474	(2,265)	3
CURRENT LIABILITIES				
Trade payables	127,053	128,923	(1,870)	5
Accruals and other payables	29,516	26,138	3,378	3
NON-CURRENT LIABILITIES				
Deferred tax liabilities	5,561	–	5,561	2
EQUITY				
Reserves	(24,890)	(11,530)	(13,360)	

Notes:

- The differences were mainly due to adjustments in interest income recognised by the Group, reclassification of administrative expenses and reversal of allowance for expected credit loss, net.
- The differences were mainly due to recognising deferred tax liabilities relating to the Group's investment properties.
- The differences were mainly due to finalisation of valuations, reclassification of assets, reclassification and/or recognition of expenses and related adjustment of tax expense, as a result of such adjustments, there are increase in other losses, loss on fair value change of biological assets, net, administrative expenses, income tax expense, accruals and other payables, exchange differences arising on translation of financial statements of foreign operations and decrease in intangible assets, direct costs, reversal of allowance for expected credit losses, biological assets, investment properties, property, plant and equipment, advances to customers in margin financing and tax recoverable.

4. The differences were due to reclassification of non-current loan receivables to current loan receivables.
5. The differences were mainly due to trade payables being netted off in advances to customers in margin financing.

Save as disclosed in this announcement and corresponding adjustments related to the above differences, all other information contained in the Unaudited Annual Results Announcement remains materially unchanged.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditors' report on the Group's consolidated financial statements for the year ended 31 March 2021:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK\$61,928,000 for the year ended 31 March 2021. This condition, along with other matters as set forth in note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Group recorded revenue of approximately HK\$63,724,000 for the year ended 31 March 2021 which was decreased 35% compared to revenue of approximately HK\$98,073,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in money lending, securities, asset management services, provision of equine related services and investment in stallions.

The direct costs were slightly decreased to approximately HK\$6,392,000 from approximately HK\$6,665,000 recorded during last year. Administrative expenses made an decrease of 17% to approximately HK\$72,052,000 compared to HK\$87,286,000 in 2020.

The net loss of the Group for the year ended 31 March 2021 was approximately HK\$61,928,000 as compared with the net loss of approximately HK\$60,485,000 of the last financial year. The main reason for such loss is the impairment of goodwill and the change in the fair value change of biological assets.

Gearing Ratio

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 267% (2020: 194%).

Capital Structure

As at 31 March 2021, the total number of issued ordinary shares of the Company was 2,171,732,000 shares (2020: 2,171,732,000 shares).

Employee Information

The total number of employees was 41 as at 31 March 2021 (2020: 64), and the total remuneration for the year ended 31 March 2021 was approximately HK\$29,549,000 (2020: HK\$29,720,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer share options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

Contingent Liabilities

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

On 3 July 2020, the PRC legal advisor of the Group received the amended form of claim (the “Amended Form of Claim”) from the Guangdong Higher Court. For more information please refer to note 50 to the consolidated financial statements.

Details of the Original Claims were set out in the announcements of the Company dated 4 April 2019 and 8 April 2019.

Foreign Exchange Exposure

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

Revenue

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

Dividend

No final dividend was proposed by the Directors for the year ended 31 March 2021 (2020: Nil).

Business Review

The Group has been operating in the equine business for years and the result is disappointing. As a result, one of subsidiaries in the equine segment was disposed in July 2019. In addition, the group has restructured its equine operation in Australia, by out sourcing the stallion service business and leasing out the group-owned stud farm to an independent stud farm in Australia. The Board believes after such action, the equine segment can provide stable income to the Group.

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

Equine services

The revenue from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. For the twelve months ended 31 March 2021, the revenue of the equine service segment was approximately HK\$21,999,000 (2020: HK\$26,443,000).

Financial services

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

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

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 and January 2018 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2021, loan portfolio of the money lending business amounted to approximately HK\$28,784,000, representing approximately 7% of the total assets of the Group. The maturity of the loans is typically within one to two years and the average interest rate is in the range of 12% to 30% per annum.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 March 2021, the Group had current assets of approximately HK\$325,358,000 (2020: HK\$465,135,000). During the year the Group had redeemed HK\$50,000,000 Promissory notes and HK\$26,569,000 coupon unlisted straight bonds in order to decrease the total borrowing and gearing ratio. The Group's current ratio, calculated on the basis of current assets of approximately HK\$325,358,000 (2020: HK\$465,135,000) over current liabilities of approximately HK\$159,771,000 (2020: HK\$261,890,000) was at level of approximately 2.04:1 (2020: 1.78:1). The bank balances as at 31 March 2021 was approximately HK\$106,926,000 as compared to the balance of approximately HK\$110,506,000 as at 31 March 2020. At the end of the financial year, there was no remaining coupon unlisted straight bonds (2020: HK\$26,569,000).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Results Analysis

During the financial year ended 31 March 2021 (the "Financial Year"), we continued our business on different categories such as development of financial services businesses including securities, assets management and money lending services and equine services including breeding service.

Operation

Stable revenue will be expected from equine services and financial services businesses for the coming year as the Group will continue to take every effort on expanding potential market shares for the existing businesses.

The finance costs

The Group recorded finance costs of approximately HK\$20,527,000 (2020: HK\$26,729,000) for the year ended 31 March 2021, representing a decrease of 23% compared to that in the last financial year. The finance costs was mainly for effective interest expense on promissory notes.

Medium-term Bonds

During the financial year, the Group had fully redeemed a five-year 7% coupon unlisted straight bonds (2020: HK\$26,569,000).

Loss attributable to owners of the Company

For the current financial year, the Group recorded a loss attributable to owners of the Company of approximately HK\$61,928,000 (2020: HK\$60,485,000).

Prospects

Following the US-China trade dispute and the outbreak of COVID-19, the global economy and consumer confidence have been adversely affected. These two incidents have occurred more than a year and have a impact on our 2021 financial results and our development plan. The management foresees that there is full of challenging in 2021. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

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

Risk Factors

Uncertainty on Market Trend of Sales

The market for sales of thoroughbred horses in Australia is mainly through regular seasonal auctions. Its selling price is uncertain and is highly affected by both the trend of global market as well as the reputation of the horses with different sire/dam and/or champion records.

Continuous expansion requires long term capital financing

The development of equine related services requires additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the equine services business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

Country Risk

The equine services business is mainly operated in Australia. Being one of the emerging markets, Australia's equine services definitely provide many potential opportunities to investors dedicating to equine industry. In the meantime, the uncertainties of their political, social and economic policies are considered to be relatively small.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

Uncertainty on Volatility of Stock Market

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

OUTLOOK AND DEVELOPMENT

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

Business Development

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

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

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

On 18 February 2021, the Group has published a memorandum of understanding announcement regarding the purchase of cryptocurrency miners (which was revised later, together with another purchase of cryptocurrency miners transaction completed on 30 April 2021). The Board believes that the entering into the crypto mining business can diversify the development of the group by investing in a new business.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2021.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings ("Code of Conduct") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2021.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 March 2021 and up to the date of this report to the best knowledge of the Board, the Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules. During the year under review, the audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee.

The primary duties of the audit committee are to review and supervise the financial reporting process, risk management system and internal control systems of the Group so as to provide advice and comments thereon to the Board of Directors. 6 audit committee meetings were held during the year.

The Group’s annual results for the year ended 31 March 2021 have been reviewed by the audit committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Company established a remuneration committee (“Remuneration Committee”) on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun. All of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2021 have been agreed by the Company’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sun8029.com. The annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules is to be despatched to the Company's Shareholders and made available for review on the same websites in due course.

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

Hong Kong, 30 July 2021

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lui Man Wah, Mr. Chim Tak Lai and Mr. Choi Hon Keung Simon and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun.