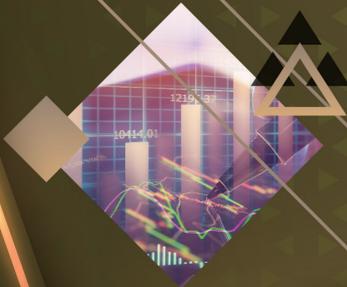




太陽國際集團有限公司  
SUN INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability) | Stock Code: 8029

Interim Report  
2021



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

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

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

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

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



## FINANCIAL SUMMARY (UNAUDITED)

- Revenue of the Group was approximately HK\$29,200,000 for the six months ended 30 September 2021, representing an decrease of approximately 30% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2021, gross profit of the Group was approximately HK\$22,291,000 as compared to the gross profit of approximately HK\$39,570,000 from the corresponding period in the previous fiscal year.
- Loss attributable to owners of the Company for the six months ended 30 September 2021 amounted to approximately HK\$17,614,000 as compared to profit of approximately HK\$7,780,000 from the corresponding period in the previous fiscal year.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

## CONSOLIDATED INTERIM RESULTS FOR 2021 (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 2021, together with the comparative unaudited figures for the corresponding period in 2020 were as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2021

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	3	17,950	24,253	29,200	41,811
Direct costs		(6,491)	(1,184)	(6,909)	(2,241)
Gross profit		11,459	23,069	22,291	39,570
Other operating income		5,784	924	5,015	2,425
Impairment losses, net of reversal		(2,027)	16,116	(1,358)	16,228
Administrative expenses		(20,154)	(22,480)	(34,643)	(39,315)
Finance costs		(4,533)	(5,484)	(8,919)	(11,128)
Profit/(Loss) before taxation	4	(9,471)	12,145	(17,614)	7,780
Income tax expense	5	-	-	-	-
<b>Profit/(Loss) for the period</b>		<b>(9,471)</b>	12,145	<b>(17,614)</b>	7,780
<b>Other comprehensive income:</b>					
Exchange differences arising on translation of financial statements of foreign operations		4,625	38	15,708	7,354
<b>Total comprehensive income/(loss) for the period</b>		<b>(4,846)</b>	12,183	<b>(1,906)</b>	15,134

# CONSOLIDATED INTERIM RESULTS FOR 2021 (UNAUDITED)

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		(9,471)	12,145	(17,614)	7,780
		(9,471)	12,145	(17,614)	7,780
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		(4,846)	12,183	(1,906)	15,134
		(4,846)	12,183	(1,906)	15,134
<b>Dividend</b>	6	-	-	-	-
<b>Earnings/Loss per share (HK cents)</b>					
Basic and diluted	7	(0.41)	0.56	(0.78)	0.36

# CONSOLIDATED INTERIM RESULTS FOR 2021 (UNAUDITED)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	<b>At 30 September 2021 HK\$'000 (Unaudited)</b>	<b>At 31 March 2021 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Intangible assets	8	<b>9,381</b>	928
Property, plant and equipment	9	<b>98,830</b>	6,096
Right-of-use assets		<b>2,041</b>	3,018
Investment properties		<b>43,240</b>	43,240
Biological assets – non-current portion		<b>4,396</b>	4,454
Other asset		<b>325</b>	230
Loan receivables		<b>–</b>	7,563
		<b>158,213</b>	65,529
<b>Current assets</b>			
Loan receivable		<b>28,055</b>	21,221
Trade receivables	10	<b>3,399</b>	19,470
Advances to customers in margin financing		<b>86,105</b>	55,024
Prepayments, deposits and other receivables	11	<b>9,648</b>	3,182
Tax Recoverable		<b>908</b>	209
Cash and cash equivalents		<b>82,773</b>	106,926
Cash held on behalf of customers		<b>114,447</b>	119,326
		<b>325,335</b>	325,358
<b>Current liabilities</b>			
Trade payables	12	<b>129,089</b>	127,053
Accruals and other payables		<b>14,388</b>	29,516
Amount due to related companies		<b>1,012</b>	1,065
Medium-term Bonds		<b>–</b>	–
Lease Liabilities		<b>2,097</b>	2,137
		<b>146,586</b>	159,771

## CONSOLIDATED INTERIM RESULTS FOR 2021 (UNAUDITED)

	<i>Notes</i>	<b>At 30 September 2021 HK\$'000 (Unaudited)</b>	<b>At 31 March 2021 HK\$'000 (Audited)</b>
Net current assets		<b>178,749</b>	165,587
Total asset less current liabilities		<b>336,962</b>	231,116
Non-current liabilities			
Promissory note	13	<b>171,067</b>	162,320
Deferred tax liabilities		<b>5,561</b>	5,561
Lease Liabilities		<b>263</b>	1,256
		<b>176,891</b>	169,137
Net Assets		<b>160,071</b>	61,979
Capital and reserves			
Share capital	14	<b>91,370</b>	86,869
Reserves		<b>68,701</b>	(24,890)
Total Equity		<b>160,071</b>	61,979

# CONSOLIDATED INTERIM RESULTS FOR 2021 (UNAUDITED)

## CONDENSED CONSOLIDATION STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company									Total	
	Share Capital HK\$'000	Share Premium HK\$'000	Capital Contribution Reserve HK\$'000	Capital Redemption Reserve HK\$'000	Property Revaluation Reserve HK\$'000	Merger Reserve HK\$'000	Share Option Reserve HK\$'000	Translation Reserve HK\$'000	Amounts relating to non-current assets held for sale HK\$'000		Accumulated Losses HK\$'000
At 1 April 2020 (Audited, Restated)	86,869	1,012,660	98,060	255	-	370	17,734	27,532	-	(1,132,916)	110,564
Profit for the period ended 30 September 2020	-	-	-	-	-	-	-	-	-	7,780	7,780
Other comprehensive income:											
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	7,354	-	-	7,354
Total comprehensive income for the period ended 30 September 2020	-	-	-	-	-	-	-	7,354	-	7,780	15,134
At 30 September 2020 (Unaudited)	86,869	1,012,660	98,060	255	-	370	17,734	34,886	-	(1,125,136)	125,698
At 31 March 2021 and 1 April 2021	86,869	1,012,660	98,060	255	4,412	370	1,659	36,463	-	(1,178,772)	61,979
Profit for the period ended 30 September 2021	-	-	-	-	-	-	-	-	-	(17,614)	(17,614)
Other comprehensive income:											
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	15,708	-	-	15,708
Total comprehensive income for the period ended 30 September 2021	-	-	-	-	-	-	-	15,708	-	(17,614)	(1,906)
Issue of new shares	4,501	95,500	-	-	-	-	-	-	-	-	100,001
At 30 September 2021 (Unaudited)	91,370	1,108,160	98,060	255	4,412	370	1,659	52,171	-	(1,196,386)	160,071

# CONSOLIDATED INTERIM RESULTS FOR 2021 (UNAUDITED)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(37,116)	42,746
Net cash used in investing activities	61	(1,610)
Net cash generated from financing activities	(1,205)	(17,983)
Net increase/(decrease) in cash and cash equivalent	(38,260)	23,153
Cash and cash equivalent at the beginning of the period	106,926	110,506
Effect of exchange rate changes	14,107	(8,899)
Cash and cash equivalent at the ended of the period	82,773	124,760

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at the reporting date, the ultimate and immediate holding company of the Company is Fresh Success Investments Limited (“Fresh Success”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 100% by Mr. Cheng Ting Kong (“Mr. Cheng”). The unaudited condensed 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 period ended 30 September 2021, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, digital currency mining and investment in stallions.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

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 financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2021, except for the adoption of the new and amended HKFRSs that are first effective for the current reporting period.

The condensed consolidated financial statements of the Group for the six months ended 30 September 2021 are unaudited but have been reviewed by the Company’s Audit Committee.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 3. 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.

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue within the scope of HKFRS15				
Financial services	4,293	4,549	11,898	16,901
Equine services	3,363	11,895	3,924	14,492
Digital currencies mining	5,514	–	5,514	–
	<b>13,170</b>	16,444	<b>21,336</b>	31,393
Revenue outside the scope of HKFRS15				
Financial services	4,407	7,809	7,057	10,418
Rental income	373	–	807	–
	<b>4,780</b>	7,809	<b>7,864</b>	10,418
	<b>17,950</b>	24,253	<b>29,200</b>	41,811

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 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 three business segments – financial services, equine services and others.

## Segment Information

*For the period ended 30 September 2021 (Unaudited)*

	Properties investment <i>HK\$'000</i>	Digital currency mining <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Equine services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>	807	5,514	18,955	3,924	29,200
<b>Segment results</b>	698	(6,436)	3,667	(291)	(2,362)
Unallocated corporate income					2
Unallocated finance costs					(8,887)
Unallocated corporate expenses					(6,367)
<b>Loss before taxation</b>					(17,614)

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

*For the period ended 30 September 2020 (Unaudited)*

	Properties investment <i>HK\$'000</i>	Digital currency mining <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Equine services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	–	–	27,319	14,492	41,811
Segment results	–	–	31,786	441	32,227
Unallocated corporate income					582
Unallocated finance costs					(11,123)
Unallocated corporate expenses					(13,906)
Profit before taxation					7,780

## **Geographical segments**

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## Revenue from external customers

	For the six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Hong Kong	18,955	27,319
Australia	4,731	14,492
Other Region	5,514	–
	<b>29,200</b>	41,811

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

	Non-current assets	
	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Hong Kong	7,556	9,145
Australia	47,251	48,591
Kazakhstan	103,081	–
	<b>157,888</b>	57,736

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 4. PROFIT/(LOSS) BEFORE TAXATION

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Employee benefit expense (including directors' remuneration):				
– Directors' emoluments	1,324	1,050	2,404	2,119
– Salaries and other benefits	5,166	5,923	10,532	11,110
– Retirement benefit scheme contributions	223	416	370	754
	<b>6,713</b>	7,389	<b>13,306</b>	13,983
Depreciation for property, plant and equipment				
– owned assets	9,359	1,430	16,694	2,649
Interest income	40	19	61	37

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 5. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2020: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	For the three months ended 30 September		For the six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Current tax				
– Hong Kong Profits Tax	–	–	–	–
	–	–	–	–

## 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

## 7. EARNINGS/(LOSS) 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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Profit/(Loss) attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	(9,471)	12,145	(17,614)	7,780

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

	Three months ended 30 September		Six months ended 30 September	
	2021 '000	2020 '000	2021 '000	2020 '000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/ (loss) per share	<b>2,284,255</b>	2,171,732	<b>2,266,423</b>	2,171,732

## 8. INTANGIBLE ASSETS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trading rights (a)	<b>500</b>	500
Breeding rights (b)	<b>323</b>	428
Crypto – currencies (c)	<b>8,558</b>	–
	<b>9,381</b>	928

- (a) Upon the adoption of HKAS 38 “Intangible assets”, the Group’s eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited at carrying amount of HK\$500,000 is considered to have infinite useful lives, accordingly it is not amortised.
- (b) The breeding rights acquired in 2017 was with respect to breeding rights of a stallion, Golden Horn. In term of the breeding right agreement, the Group is granted one nomination in every breeding season.
- (c) Crypto – currencies are measured on cost basis, which represent the direct costs to obtain the Crypto – currencies reward.

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
<b>Cost:</b>		
Balance at 1 April 2021/2020	<b>49,120</b>	86,529
Additions	<b>109,464</b>	4,797
Disposals	–	(10,869)
Foreign currency realignment	<b>(52)</b>	9,743
Transfer to investment properties	–	(41,080)
<b>Balance at 30 September 2021/31 March 2021</b>	<b>158,532</b>	49,120
<b>Accumulated Depreciation:</b>		
Balance at 1 April 2021/2020	<b>43,024</b>	52,081
Depreciation charge	<b>16,694</b>	4,017
Written back	–	(7,769)
Foreign currency realignment	<b>(16)</b>	2,508
Transfer to investment properties	–	(7,813)
<b>Balance at 30 September 2021/31 March 2021</b>	<b>59,702</b>	43,024
<b>Net book values:</b>		
<b>At 30 September 2021/31 March 2021</b>	<b>98,830</b>	6,096

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 10. TRADE RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade receivables	<b>2,909</b>	4,327
Less: allowance for expected credit losses	<b>2,363</b>	(3,821)
	<b>546</b>	506
Accounts receivables from brokers, dealers and clearing house	<b>2,853</b>	18,964
	<b>3,399</b>	19,470

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

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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Within 30 days	<b>47</b>	385
31–60 days	<b>499</b>	121
	<b>546</b>	506

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Deposits	<b>2,395</b>	<b>710</b>
Prepayments	<b>1,338</b>	<b>1,528</b>
Other receivables	<b>5,915</b>	<b>944</b>
	<b>9,648</b>	<b>3,182</b>

## 12. TRADE PAYABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade payables	<b>9,616</b>	432
Accounts payables to clients and clearing house	<b>119,473</b>	126,621
	<b>129,089</b>	127,053

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

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Within 30 days	<b>3,424</b>	225
31–90 days	<b>6,153</b>	154
91–120 days	<b>39</b>	53
	<b>9,616</b>	432

### 13. PROMISSORY NOTE

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Current	<b>–</b>	–
Non-current	<b>171,067</b>	162,320
	<b>171,067</b>	162,320

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

## 14. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Ordinary shares of Authorised: At 31 March 2021/30 September 2021 (HK\$0.04 each)	40,000,000	1,600,000
Issued and fully paid: At 31 March 2021	2,171,732	86,869
30 September 2021	2,284,255	91,370

## 15. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	1,307	1,036	2,374	2,092
Post-employment benefits	17	14	30	27
	<b>1,324</b>	1,050	<b>2,404</b>	2,119



# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK\$29,200,000 for the six months ended 30 September 2021, an decrease of 30% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the revenue generated from the equine and financial services segments.

The direct costs were increased to approximately HK\$6,909,000 from approximately HK\$2,241,000 compared with the same period last year. The increase was mainly due to the cost of selling crypto currencies.

Administrative expenses made an decrease of 12% to approximately HK\$34,643,000 compared to approximately HK\$39,315,000 in 2020. The decrease was mainly due to a decrease in exchange loss generated from equine services business during the period, and the improvement of internal control.

The loss attributable to owners of the Company for the six months ended 30 September 2021 was approximately HK\$17,614,000 as compared to profit of HK\$7,780,000 from the corresponding period in the previous fiscal year. Such change was mainly due to the decrease in overall revenue.

## BUSINESS REVIEW

The Group has been operating in the equine business for years and the result is disappointing. As a result, the Board disposed one of the subsidiaries in the equine segment (completed in July 2019).

On 31 March 2021 there was further restructure of the Group's equine segment.

On 30 April 2021, the Group completed the purchase of the equipment for cryptocurrency mining and started its crypto mining business.

### Equine services



Following the disposal of Sun Kingdom Pty Ltd in July 2019, there was further restructure of the equine business. On 31 March 2021, the Group leased out certain land and farm in Australia, which was previously self-occupied and operated in the equine segment, to an independent third party. In addition, the independent third party will manage the Stallions held by the Group under certain profit share scheme. The Board believes after such restructure, both the performance and cash flow of the equine segment would be improved.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial services

Following the US-China trade dispute, rising of protectionism, worldwide political uncertainties, outbreak and continuous of COVID-19, and fluctuation of capital and stock market. The board was prudent on the financial services segment, especially the money lending business, to avoid any potential risks to the Group. As a result, the revenue and profit from the financial services decreased as compared from the corresponding period in the previous fiscal year. The management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation.

## Digital currency mining

On 30 April 2021, Extra Blossom Holdings Limited (“Extra Blossom”), an indirect wholly owned subsidiary of the Group, has completed acquiring certain amount of digital currency mining machines. The consideration for the acquisition was satisfied by allotting and issuing 112,522,768 Consideration shares under General Mandate granted at the annual general meeting of the Group on 25 September 2020. By entering into the cryptocurrency/blockchain business, the Board believes it can provide a long term and stable income to the Group. In light of the statement made by the State Council’s Financial Stability and Development Committee of the People’s Republic of China (the “PRC”) on 21 May 2021 on Bitcoin mining and trading activities. In order to support and follow the direction of the PRC Government, on 24 May 2021 the Group instructed the relevant service provider to suspend the cryptocurrency miner operating service. The operation of the cryptocurrency mining has relocated in Kazakhstan since July 2021.

On 16 June 2021, Extra Blossom entered into an agreement (the “Swarm Leasing Agreement”) with 深圳市水滴雲智能有限公司 (Shenzhen Shuidi Yun Zhineng Company Limited) (“Shenzhen Shuidi”), an independent third party, pursuant to which Shenzhen Shuidi agreed to lease to Extra Blossom 1,000 networked computing nodes to be used in Swarm with a leasing fee of RMB1,000,000 per month. However, given the fluctuation in the trading price of Swarm, Extra Blossom and Shenzhen Shuidi mutually agreed to suspend the Swarm Leasing Agreement in July 2021.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 an impact on our 2021 financial results and our development strategies. 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. 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.

## LIQUIDITY AND FINANCIAL RESOURCES

As of 30 September 2021, the Group's net asset is approximately HK\$160,071,000, compared with the net assets of approximately HK\$61,979,000 as at 31 March 2021. The cash and bank balances as at 30 September 2021 was approximately HK\$82,773,000, representing a decrease of approximately 23% when compared with the balance as at 31 March 2021. During the six months ended 30 September 2021, the Group's operation was mainly financed by the internal fund.

## CHARGES ON GROUP ASSETS

As at 30 September 2021, no plant and equipment of the Group was held under finance lease (2020: HK\$Nil).

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEE INFORMATION

The total number of employees was 43 as at 30 September 2021 (2020: 67), and the total remuneration for the six months ended 30 September 2021 was approximately HK\$13,306,000 (2020: HK\$13,983,000). 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.

## CONTINGENT LIABILITIES

On 30 October 2018, Guangdong Higher People's Court (the "Guangdong Higher Court") has been directed by the Supreme People's Court of the PRC to hear the claims (the "Original Claims") made by Mr. Chiu Ming ("Mr. Chiu") and Diamond Ocean Development Limited ("Diamond Ocean") (collectively the "Original Plaintiffs") against, among others, Sun Finance, Mr. Cheng and Mr. Chau (collectively the "Original Defendants") in relation to, among others, an enforcement of the share charge in 2011 over certain shares (the "Diamond Ocean Share Charge") 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 the Original Plaintiffs to have infringed their rights. According to the Original Claims, the Original Plaintiffs requested the court to order the Original Defendants to compensate the Original Plaintiffs for direct economic loss of RMB500,000,000 and bear all the litigation costs. In addition, the Original Plaintiffs 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 which was lodged by Mr. Chiu, Diamond Ocean and Rich Galaxy Group Limited ("Rich Galaxy") (which was added as plaintiff) on 27 June 2019. Pursuant to the Amended Form of Claim, (i) Fame Select Limited (being a company beneficially owned as to 50% by Mr. Chau and as to 50% by Mr. Cheng) and Ms. Yeung So Lai (being the sister of Ms. Yeung So Miu, which, in turn, is the spouse of Mr. Cheng), among others, were added as defendants (together with the original defendants, the "Defendants"); and (ii) the amount of compensation claimed from the Defendants was increased to HK\$680,000,000.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group had objected the Amended Form of Claim on the ground of different jurisdiction but was unsuccessful. The Amended Form of Claims would be effectively stand and the Group is pending to receive hearing notice from the Guangdong Higher Court.

On 11 August 2021, the PRC legal advisors to Sun Finance received the first hearing notice from the Guangdong Higher Court. The first hearing was scheduled to be held on 23 September 2021, which is rescheduled to be held on 26 October 2021.

On 19 October 2021, the PRC legal advisors received the verbal confirmation from the Guangdong Higher Court that the hearing held on 26 October 2021 would be cancelled and no further action or hearing was scheduled.

On 11 November 2021, the Group received the civil judgment issued by Guangdong Higher People's Court that it had approved the withdrawal of the Claim by Mr. Chiu Ming, Diamond Ocean and Rich Galaxy.

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

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

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (1) LONG POSITIONS IN THE SHARES OF THE COMPANY

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

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Cheng Ting Kong	Corporate ( <i>Note</i> )	1,435,009,040	Interest of a controlled corporation	62.82%

*Note:* These ordinary shares are held by Fresh Success Investments Limited. Fresh Success Investments Limited is beneficially owned as to 100% by Mr. Cheng Ting Kong.

### (2) LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 30 September 2021 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options <i>HK\$</i>	Exercise period from                      until		Number of options outstanding as at 30 September 2021
Ms. Cheng Mei Ching	10/09/2014	1,391,400	-	-	0.315	10/09/2014	09/09/2024	1,391,400
Mr. Lui Man Wah	10/09/2014	13,941,000	-	-	0.315	10/09/2014	09/09/2024	13,941,000

Save as disclosed above, during the six months ended 30 September 2021, no new share options granted for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

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

Save as disclosed above, during the six months ended 30 September 2021, none of the Directors or Chief Executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

## DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Under the terms of the option scheme adopted by the Company on 5 December 2006, the Board is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company. No share option was granted or exercised during the six months ended 30 September 2021. Following the expiry of the 2006 Share Option Scheme on 4 December 2016, no further share option can be granted, but the provisions of the 2006 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2006 Share Option Scheme.

As at 30 September 2021, 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 2021	Exercised during the period	Lapsed during the period	At 30 September 2021		
10/09/2014	29,219,400	-	-	29,219,400	10/09/2014 to 09/09/2024	0.315
	29,219,400	-	-	29,219,400		

## 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' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

## 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 2021, 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\$0.04 each of the Company*

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Fresh Success Investments Ltd <i>(Note 1)</i>	Corporate	1,435,009,040	Beneficial owner	62.82%
Cheng Ting Kong <i>(Note 1)</i>	Corporate	1,435,009,040	Interest of a controlled corporation	62.82%
Raywell Holdings Limited <i>(Note 2)</i>	Corporate	135,430,000	Beneficial owner	5.93%
Yeung Hak Kan <i>(Note 2)</i>	Corporate	135,430,000	Interest of a controlled corporation	5.93%

# DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

## Notes:

1. Fresh Success Investments Limited is beneficially owned as to 100% by Mr. Cheng Ting Kong is Mr. Cheng Ting Kong deemed under the SFO to be interested in the 1,435,009,040 shares beneficially owned by Fresh Success Investments Ltd.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 September 2021, 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. Jim Ka Shun, all of them are Independent Non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the six months ended 30 September 2021 were reviewed by the Audit Committee.

# DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

## REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the period under review, the Remuneration Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are Independent Non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

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

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

## CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 September 2021, the Company has applied the principles and complied with all the code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code"), save for the deviations discussed below:

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Cheng Ting Kong (chairman of the Board) was unable to attend the 2019 AGM due to unexpected engagement. Mr. Lui Man Wah (Executive Director and chief executive officer of the Company) was appointed as the chairman of the 2020 AGM in replying to questions raised by shareholders at the 2020 AGM.

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



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

### **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. 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.

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

Hong Kong, 12 November 2021