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太陽國際資源有限公司
SUN INTERNATIONAL RESOURCES LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8029)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO DISPOSAL OF 35% EQUITY INTERESTS IN
YUET SING GROUP LIMITED**

The Board is pleased to announce that on 15 July 2016 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 35% of the issued share capital of the Target Company, and the Sale Loan, at the Consideration of HK\$145,000,000, which shall be satisfied in the following manner: (i) HK\$5,000,000, being part payment of the Consideration, shall be paid by the Purchaser to the Vendor in cash upon Completion; and (ii) the remaining balance of HK\$140,000,000 shall be set off against the entire principal amount of the Promissory Note by entering into the Deed of Novation and Set Off at Completion. Upon Completion which took place immediately after execution of the Disposal Agreement, the Group ceased to have any equity interests in the Target Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement and immediately before Completion, the Purchaser is a director of the Target Company and held 65% equity interests in the Target Company. The Purchaser is therefore a substantial shareholder of the Target Company and hence a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

As the Board has approved the transactions contemplated under the Disposal Agreement; and the independent non-executive Directors have confirmed they are of the opinion that the terms of the transactions contemplated under the Disposal Agreement are fair and reasonable, the transactions contemplated under the Disposal Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 20.99 of the GEM Listing Rules, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements.

THE DISPOSAL

The Board is pleased to announce that on 15 July 2016 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 35% of the issued share capital of the Target Company, and the Sale Loan. The principal terms of the Disposal Agreement are set out below.

DISPOSAL AGREEMENT

Date: 15 July 2016 (after trading hours of the Stock Exchange)

Parties: (i) Fuxi Holdings Limited, an indirect wholly-owned subsidiary of the Company, as vendor; and
(ii) Mr. Xu Jian She, as purchaser.

The Purchaser is a director of the Target Company and held 65% of the issued share capital of the Target Company as at the date of this announcement and immediately before Completion. The Purchaser is therefore a connected person of the Company at the subsidiary level.

Assets to be disposed

Pursuant to the Disposal Agreement, the Vendor has agreed to sell and the Purchaser as agreed to purchase (i) the Sale Shares, representing 35% of the issued share capital of the Company; and (ii) the Sale Loan, representing the shareholders' loans owing by the Target Company to the Vendor as at Completion, free from all Encumbrances with effect from Completion together with all rights now and hereafter attaching thereto. As at the date of this announcement, the Sale Loan amounted to approximately HK\$5,270,000.

Consideration

The aggregate Consideration is HK\$145,000,000 which shall be satisfied in the following manner:

- (i) HK\$5,000,000, being part payment of the Consideration, shall be paid by the Purchaser to the Vendor in cash upon Completion; and
- (ii) the remaining balance of HK\$140,000,000 shall be set off against the entire principal amount of the Promissory Note by entering into the Deed of Novation and Set Off at Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms by taking into account (i) the net asset value of the Target Group attributable to the Sale Shares and the Sale Loan; (ii) the delay in the commencement of the mining operation owned by the Target Group; (iii) the lack of liquidity of the Group's interests in the Target Group due to the prolonged delay in the commencement of the mining operation; and (iv) the improved gearing ratio of the Group as a result of the entering into of the Deed of Novation and Set Off.

Having considered the above factors, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Promissory Note was issued by the Company to the Purchaser on 31 March 2011 to settle part of the consideration payable by the Vendor to the Purchaser upon completion of the Acquisition Agreement. The entire principal amount of the Promissory Note shall become due and payable on 31 March 2017. Upon execution of the Deed of Novation and Set Off, the principal amount of the Promissory Note was reduced to zero.

Completion

Completion took place on immediately after the execution of the Disposal Agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is incorporated in BVI with limited liability and was owned as to 35% by the Vendor and as to 65% by the Purchaser immediately before Completion. The Vendor acquired 35% equity interest in the Target Company pursuant to the Acquisition Agreement.

The Target Group holds 100% interest of a mining operation in Hubei Province, the People's Republic of China, which has not commenced operation as at the date of this announcement.

Set out below is a summary of the key financial data of the Target Group based on the audited consolidated financial statements of the Target Group for the years ended 31 March 2015 and 31 March 2016 and the unaudited consolidated management accounts of the Target Group for the three months ended 30 June 2016 which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2015 (audited) HK\$'000	For the year ended 31 March 2016 (audited) HK\$'000	For the three months ended 30 June 2016 (unaudited) HK\$'000
Revenue	–	–	–
Net loss before and after taxation	(314,249)	(101,866)	(125)

The audited consolidated net asset value of the Target Group as at 31 March 2015 and 31 March 2016 were approximately HK\$483,301,000 and HK\$372,792,000 respectively and the unaudited consolidated net asset value of the Target Group as at 30 June 2016 was approximately HK\$372,640,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion which took place immediately after execution of the Disposal Agreement, the Group ceased to have any equity interests in the Target Group.

GAIN OR LOSS ATTRIBUTABLE TO THE DISPOSAL

Based on the preliminary assessment on the unaudited combined financial information of the Target Group, the Group will record a gain of approximately HK\$14,800,000 as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditors of the Company. It is expected that the proceeds from the Disposal will be used as general working capital of the Group for expanding the other business segments of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL AGREEMENT

The Company is an investment holding company. The Group is principally engaged in the provision of computer software services, equine services and the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in Hong Kong.

Reference is made to the annual report of the Company for the year ended 31 March 2016. Due to the slow recovery of the industrial sector in China, the outlook of demand for commodities remained weak. As a result, the timing for commencement of the mining operation owned by the Target Group would likely be further delayed. Coupled with the expected increase in operating costs following enhanced safety and environmental standard in China as well as challenge in securing financing for the development of the mine, it is expected that the project would not contribute any revenue to the Group in the near future.

The Board considers that the Disposal can facilitate the Company to (i) improve the gearing ratio of the Group and (ii) channel its resources into the Group's other business segments with higher growth potential.

BOARD'S VIEW ON THE DISPOSAL AGREEMENT

Based on the reasons stated in the section named "Reasons for and benefits of the Disposal Agreement" above, the Directors (including the independent non-executive Directors) have approved the execution of the Disposal Agreement and they are of the opinion that the transactions contemplated under the Disposal Agreement are: (i) on normal commercial terms; and (ii) the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement and immediately before Completion, the Purchaser is a director of the Target Company and held 65% equity interests in the Target Company. The Purchaser is therefore a substantial shareholder of the Target Company and hence a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

As the Board has approved the transactions contemplated under the Disposal Agreement; and the independent non-executive Directors have confirmed they are of the opinion that the terms of the transactions contemplated under the Disposal Agreement are fair and reasonable, the transactions contemplated under the Disposal Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 20.99 of the GEM Listing Rules, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, none of the Directors has a material interest in the transactions contemplated under the Disposal Agreement as at the date of this announcement and required to abstain from voting on the board resolutions in respect of the Disposal Agreement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

“Acquisition Agreement”	the sale and purchase agreement dated 12 December 2010 (as amended and supplemented by the supplemental agreement dated 26 March 2011) entered into between the Vendor and the Purchaser in relation to the acquisition of 35% equity interests in the Target Company by the Vendor from the Purchaser
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Sun International Resources Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM
“Completion”	Completion of the Disposal pursuant to the terms and conditions of the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration for the Sale Shares and the Sale Loan
“Deed of Novation and Set Off”	the deed of novation and set off entered into between the Vendor, the Purchaser and the Company at Completion pursuant to which (i) the Company shall assign and novate, and the Vendor shall assume and perform all the payment obligations of the Company regarding the Promissory Note; and (ii) the amount of HK\$140,000,000, being part of the Consideration payable by the Purchaser to the Vendor under the Disposal Agreement, shall be set off against the entire principal amount of the Promissory Note
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions set out in the Disposal Agreement

“Disposal Agreement”	the sale and purchase agreement dated 15 July 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and leaseback arrangement whatsoever nature and includes any agreement for any of the same
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Promissory Note”	the unsecured, non-interest bearing promissory note issued by the Company to the Purchaser on 31 March 2011 in the principal amount of HK\$140,000,000, as amended and supplemented from time to time
“Purchaser”	Mr. Xu Jian She
“Sale Loan”	the amount owing as at Completion by the Target Company to the Vendor in respect of loans repayable on demand made by the Vendor to the Target Group and all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“Sale Shares”	17,500 ordinary shares of US\$1.00 each in the share capital of the Target Company, representing 35% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Target Company”	Yuet Sing Group Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries

“Vendor” Fuxi Holdings Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 15 July 2016

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lui Man Wah and Mr. Luk Wai Keung and three independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang.

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 issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of posting and on the designed website of this Company at <http://www.sun8029.com/>.