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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE MASTER SERVICE AGREEMENT**

The Board is pleased to announce that on 6 June 2017 (after trading hours), Sun Stud, an indirect wholly-owned subsidiary of the Company, entered into the Master Service Agreement with Sun Bloodstock, pursuant to which Sun Bloodstock has agreed to engage Sun Stud or any member of the Sun Stud Group for the Services provided by Sun Stud or any member of the Sun Stud Group from time to time.

As Sun Bloodstock is wholly-owned by Mr. Cheng, an executive Director and the chairman of the Board and also a controlling Shareholder, Sun Bloodstock is a connected person of the Company under the GEM Listing Rules, and the entering into of the Master Service Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios for the Annual Caps calculated in accordance with the GEM Listing Rules are less than 5% and the Annual Caps are higher than HK\$3,000,000, the Master Service Agreement is subject to the reporting, announcement and annual review requirements of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

BACKGROUND

The Board is pleased to announce that on 6 June 2017 (after trading hours), Sun Stud, an indirect wholly-owned subsidiary of the Company, entered into the Master Service Agreement with Sun Bloodstock, pursuant to which Sun Bloodstock has agreed to engage Sun Stud or any member of the Sun Stud Group for the Services provided by Sun Stud or any member of the Sun Stud Group from time to time.

MASTER SERVICE AGREEMENT

The principal terms of the Master Service Agreement are as follows:

Date

6 June 2017 (after trading hours)

Parties

- (1) Sun Stud (formerly known as Eliza Park International Pty Limited); and
- (2) Sun Bloodstock

As Sun Bloodstock is wholly-owned by Mr. Cheng, an executive Director and chairman of the Board and is indirectly interested in 47.05% of the issued share capital of the Company, Sun Bloodstock is a connected person of the Company under the GEM Listing Rules.

Scope of Services

Subject to the terms of Master Service Agreement, Sun Bloodstock has agreed to engage Sun Stud or any member of the Sun Stud Group for the provision of horse racing related services, including but not limited to breeding, rearing, sales, agistment, spelling, education, administration, advice and training of horses to be provided by Sun Stud to Sun Bloodstock and/or its Affiliates and/or such other services as shall be agreed by the parties thereto in writing from time to time.

For the avoidance of doubt, Sun Stud shall have the absolute discretion to determine whether to provide any Services and the Master Service Agreement shall not restrict or limit the Sun Stud Group to provide similar Services to any third parties.

Pricing policy

The actual fee to be paid by Sun Bloodstock or its Affiliates and charged by Sun Stud shall be subject to further arm's length negotiations with regarding to various factors including but not limited to scope, type, complexity and duration of the Services and the resources required and shall be set out in the individual contracts to be entered into between Sun Stud or member(s) of the Sun Stud Group and Sun Bloodstock and/or its Affiliates, provided that such fee charged by the Sun Stud Group for the Services shall be at a normal commercial rate equivalent to (or better to the Sun Stud Group than) the fees charged by Sun Stud when providing similar Services to independent third parties.

Before determining the rate of the Service fees provided to Sun Bloodstock and its Affiliates and signing the individual contracts, the operation department of the Sun Stud Group will review the service fees rates of relevant comparable services provided to independent third parties, and ensure that the Service fees rate for Sun Bloodstock and its Affiliates will be commensurate with the service fees rate for independent third parties and no less favourable to the Sun Stud Group than those for services provided to independent third parties.

The terms of the Master Service Agreement were arrived at after arm's length negotiations between the relevant parties. The Directors (including the independent non-executive Directors but excluding Mr. Cheng) are of the view that the pricing mechanism of the service fees contemplated under the Master Service Agreement is in line with the industry practice, and the basis of determination is fair and reasonable.

Term

The Master Service Agreement shall be effective for the three years ending 30 September 2019 and shall expire on 30 September 2019 unless terminated in accordance with the Master Service Agreement.

Annual Caps

The historical transaction amounts received by the Sun Stud Group from Sun Bloodstock under the Previous Agreement for the three years ended 30 September 2016 were approximately HK\$4,134,000, HK\$3,506,000 and HK\$3,130,000 respectively. The total amounts of the fees received by the Sun Stud Group from Sun Bloodstock and its Affiliates for the Services during the period from 1 October 2016 up to the date of this announcement amounted to approximately HK\$2,800,000.

The proposed Annual Caps of the transactions contemplated under the Master Service Agreement for the three years ending 30 September 2019 are as follows:

	Annual Cap for the year ending 30 September		
	2017	2018	2019
	<i>(AUD)</i>	<i>(AUD)</i>	<i>(AUD)</i>
Services	800,000	900,000	1,000,000
	(equivalent to	(equivalent to	(equivalent to
	approximately	approximately	approximately
	HK\$4,672,000)	HK\$5,256,000)	HK\$5,840,000)

The proposed annual caps for the three years ending 30 September 2019 are determined based on (i) the anticipated demand for the Services; and (ii) the anticipated fee scale for the Services during each of the three years ending 30 September 2019.

Internal control

In order to ensure that the terms of the Master Service Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable to the Company and its Shareholders and that the Service fees are not less favourable to the Sun Stud Group than those offered to independent third parties, the Group has adopted the following measures:

- (i) the Company has assigned the operation manager of the Company to supervise the continuing connected transactions and review and assess whether the continuing connected transactions contemplated under the Master Service Agreement are on normal commercial terms, fair and reasonable and conducted in accordance with the terms of the Master Service Agreement and will also regularly update the market price for the purpose of considering if the Service fees charged for a specific transaction are on normal commercial terms, fair and reasonable and in accordance with the aforesaid pricing policy;
- (ii) the operation manager of the Company will review all the Service fees rates and pricing of the continuing connected transactions under the Master Service Agreement in every six months to ensure that they are not less favourable to the Sun Stud Group than those offered to the independent third parties;
- (iii) the Company's external auditors will conduct an annual review on the pricing and the annual cap of the continuing connected transactions under the Master Service Agreement;
- (iv) the Company's audit committee will review the analysis report and the improvement measures prepared by the management of the Company in relation to the continuing connected transactions under the Master Service Agreement; and
- (v) the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions under the Master Service Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICE AGREEMENT

The Company is an investment holding company. The Company is an investment holding company. The Group is principally engaged in the provision of equine services, computer software services, 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, and the money lending business. Sun Bloodstock is principally engaged in holding bloodstock for Mr. Cheng's personal enjoyment.

The Directors (including the independent non-executive Directors but excluding Mr. Cheng) consider that the entering into of the Master Service Agreement allows the Sun Stud Group to foster its horse racing-related business in Australia and enhance the Group's revenue.

The Directors, including the independent non-executive Directors but excluding Mr. Cheng, an executive Director and also the owner of Sun Bloodstock, who has abstained from voting on the relevant board resolution for approving the Master Service Agreement and the transactions contemplated thereunder, consider that the terms of the Master Service Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Sun Bloodstock is wholly-owned by Mr. Cheng, an executive Director and the chairman of the Board and also a controlling Shareholder, Sun Bloodstock is a connected person of the Company under the GEM Listing Rules, and the entering into of the Master Service Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios for the Annual Caps calculated in accordance with the GEM Listing Rules are less than 5% and the Annual Caps are higher than HK\$3,000,000, the Master Service Agreement is subject to the reporting, announcement and annual review requirements of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

“Affiliate(s)”	any person(s), directly or indirectly, controlling, controlled by or under direct or indirect common control with another person
“Annual Caps”	the expected maximum annual Service fees payable by Sun Bloodstock to the Sun Stud Group under the Master Service Agreement for each of the three years ending 30 September 2019
“Board”	the board of Directors
“Company”	Sun International Resources Limited, a company incorporated in Cayman Islands with limited liability whose issued shares are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Master Service Agreement”	the agreement dated 6 June 2017 entered into between Sun Stud and Sun Bloodstock in relation to the provision of Services
“Mr. Cheng”	Mr. Cheng Ting Kong, a substantial Shareholder, an executive Director and the chairman of the Board
“Previous Agreement”	the master service agreement dated 16 April 2014 entered into between Sun Stud and Sun Bloodstock in relation to the provision of Services for a period up to 30 September 2016
“Services”	horse racing related services including but not limited to breeding, rearing, sales, agistment, spelling, education, administration, advice and training of horses to be provided by Sun Stud or any member of the Sun Stud Group to Sun Bloodstock and/or such other services as shall be agreed by the parties to the Master Service Agreement in writing from time to time
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Bloodstock”	Sun Bloodstock Pty Limited, a company incorporated in Australia with limited liability and is wholly-owned by Mr. Cheng
“Sun Stud”	Sun Stud Pty Limited (formerly known as Eliza Park International Pty Limited), a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Sun Stud Group”	Sun Stud and its subsidiaries
“AUD”	Australian dollars, the lawful currency of Australia

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

% per cent

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

Hong Kong, 6 June 2017

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

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/>.

In this announcement, the HK\$ amounts have been converted from AUD amounts at the rate of AUD1.00 to HK\$5.84. Such conversions are for the convenience of the readers only. No representation is made that the AUD amounts have been, could have been or could be, converted into HK\$, or vice versa, at such rate or at any other rates on any relevant dates.