THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sun International Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SUN FINANCE COMPANY LIMITED; AND (2) NOTICE OF EGM

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

Independent financial adviser to the Independent Board Committee and Independent Shareholders

ASTRUM

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Astrum Capital Management Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 44 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Units 2414–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, on Friday, 12 January 2018 at 4:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its publication and is available for reference on the website of the Company at www.sun8029.com.

22 December 2017

GEM has been positioned as a market designed to accommodate companies to which a higher 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.

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors subject to and upon the terms and conditions of the Sale and Purchase Agreement
"associate"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout the normal working hours
"BVI"	the British Virgin Islands
"close associate"	has the meaning ascribed to it under the GEM Listing Rules
"Company"	Sun International Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on GEM
"Completion"	completion of the Acquisition
"Completion Date"	the date of Completion
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held and convened at Units 2414–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 4:00 p.m. on Friday, 12 January 2018 for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder

"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, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest of any agreement for any of the same
"Enlarged Group"	the Group as enlarged by the Acquisition (assuming the Acquisition has been completed)
"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
"Guarantor A"	Mr. Cheng Ting Kong, being an executive Director, the chairman and a Controlling Shareholder of the Company
"Guarantor B"	Mr. Chau Cheok Wa, a Controlling Shareholder of the Company
"Guarantors"	collectively, Guarantor A and Guarantor B
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Financial Adviser" or "Astrum"	Astrum Capital Management Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder

"Independent Shareholder(s)"	Shareholder(s) other than the Vendors, the Guarantors and their respective associates and all other Shareholders who are interested in the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"Latest Practicable Date"	20 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Litigation Case"	the legal proceedings commenced by the Target Company against Advance Day Investments Limited in respect of the recovery of the Overdue Loan
"Long Stop Date"	31 January 2018 or such later date as the Vendors and the Purchaser may agree in writing
"Overdue Loan"	the loan granted by the Target Company to Advance Day Investments Limited in the principal amount of HK$50,000,000, the whole amount of which had been fully impaired
"PRC" or "China"	the People's Republic of China (excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region and Taiwan)
"Promissory Notes"	the three-year 7% coupon promissory notes to be issued by the Company to the Vendors (or their respective nominees) in the aggregate principal amount of HK$378,000,000 as the Consideration
"Purchaser"	Pioneer Frontier Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 September 2017 (as amended and supplemented by the extension letter dated 20 December 2017) and entered into between the Vendors, the Guarantors and the Purchaser in relation to the Acquisition

"Sale Shares"	375,000,000 ordinary shares in the share capital of the Target Company, of which 142,500,000 shares, 217,500,000 shares and 15,000,000 shares are legally and beneficially owned by Vendor A, Vendor B and Vendor C respectively, being the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.04 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sun Finance Company Limited, a company incorporated in Hong Kong with limited liability and a licensed money lender
"Vendor A"	Eminent Crest Holdings Limited, a company incorporated in BVI with limited liability
"Vendor B"	Peak Stand Holdings Limited, a company incorporated in BVI with limited liability
"Vendor C"	Sheen Light Holdings Limited, a company incorporated in BVI with limited liability
"Vendors"	collectively, Vendor A, Vendor B and Vendor C
''HK$''	Hong Kong dollars, the lawful currency of Hong Kong
''%''	per cent

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)

Executive Directors:
Mr. CHENG Ting Kong *(Chairman)*
Ms. CHENG Mei Ching
Mr. LUI Man Wah

Independent non-executive Directors:
Mr. CHAN Tin Lup, Trevor
Mr. TOU Kin Chuen
Mr. JIM Ka Shun

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 2414–2418, 24/F.
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

22 December 2017

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SUN FINANCE COMPANY LIMITED; AND NOTICE OF EGM

INTRODUCTION

Reference is made to the announcement of the Company dated 29 September 2017 in relation to the Acquisition. On 29 September 2017 (after trading hours of Stock Exchange), the Vendors, the Guarantors and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at a total Consideration of HK$378,000,000, which shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to the Vendors (or their respective nominees) upon Completion.

The purpose of this circular is to provide you with, among other matters, (i) further details regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Enlarged Group; (v) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Acquisition; (vi) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (vii) the general information of the Company; and (viii) a notice convening the EGM.

THE SALE AND PURCHASE AGREEMENT

Date : 29 September 2017 (after trading hours of Stock Exchange) (as amended and supplemented by the extension letter dated 20 December 2017)

Parties

Purchaser : Pioneer Frontier Limited, a wholly-owned subsidiary of the Company

Vendors :
(1) Eminent Crest Holdings Limited, as Vendor A;
(2) Peak Stand Holdings Limited, as Vendor B; and
(3) Sheen Light Holdings Limited, as Vendor C

Guarantors :
(1) Mr. Cheng Ting Kong, as Guarantor A; and
(2) Mr. Chau Cheok Wa, as Guarantor B

The Vendors are companies incorporated in BVI with limited liability, which are principally engaged in investment holding. As at the Latest Practicable Date, each of the Vendors is beneficially owned as to 50% by Guarantor A, being an executive Director and the chairman of the Company and as to 50% by Guarantor B. Each of the Guarantors holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date. The Guarantors are therefore Controlling Shareholders of the Company. Accordingly, each of the Vendors is a connected person of the Company under the GEM Listing Rules.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendors shall as beneficial owners sell and the Purchaser shall purchase the Sale Shares free from all Encumbrances with effect from Completion together with all rights attaching thereto including but not limited to all dividends to be paid, declared or made in respect thereof at any time on or after the Completion Date.

The Purchaser shall not be obliged to purchase any of the Sale Shares unless the sale and purchase of the Sale Shares are completed simultaneously.

Consideration

The total Consideration payable for the sale and purchase of the Sale Shares shall be HK$378,000,000, of which HK$143,640,000, HK$219,240,000 and HK$15,120,000 shall be payable to Vendor A, Vendor B and Vendor C (or their respective nominees) respectively.

The Consideration shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to Vendor A, Vendor B and Vendor C (or their respective nominee(s)), in the amounts of HK$143,640,000, HK$219,240,000 and HK$15,120,000 respectively, upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms by taking into account the net asset value of the Target Company attributable to the Sale Shares. The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the terms and conditions of the Sale and Purchase Agreement, which have been arrived at after arm's length negotiations between the Purchaser and the Vendors, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition is conditional upon and subject to:

(1) the Purchaser being satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Company;

(2) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendors and the Target Company in respect of the Sale and Purchaser Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(3) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(4) the passing by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Notes) and all other consents and acts required under the GEM Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;

(5) all representations, warranties and undertakings given by the Vendors under the Sale and Purchase Agreement remaining true and correct in all respects and not misleading; and

(6) the Purchaser having reasonably satisfied that there has not been any material adverse change on the Target Company since the date of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

The Vendors shall use their best endeavours to procure the fulfillment of the conditions (1), (2), (5) and (6) as set out above. The Purchaser shall use its best endeavours to procure the fulfillment of the conditions precedent set out in (3) and (4) above by the Long Stop Date and may in its absolute discretion at any time waive the condition set out in (1) above by notice in writing. Neither the Purchaser nor the Vendors may waive any of the conditions set out in (2), (3), (4), (5) and (6) above.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Guarantee provided by the Guarantors

Pursuant to the Sale and Purchase Agreement, each of the Guarantors has irrevocably and unconditionally guaranteed to the Purchaser the due and punctual performance of the Vendors under the Sale and Purchase Agreement. The obligations of the Guarantors shall be continuing obligations and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of or any bankruptcy, winding up or analogous proceedings relating to any of the parties to the Sale and Purchase Agreement.

Completion

Completion shall take place within ten (10) Business Days after the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement or such other date as the Vendors and the Purchaser may agree in writing.

Recovery of overdue amounts by the Target Company

Pursuant to the Sale and Purchase Agreement, the Vendors and the Purchaser agreed that the Vendors shall jointly and severally assume all liabilities and obligations to satisfy all claims and demands arising out of and in connection with the Litigation Case.

If any amount is recovered from the Overdue Loan, the Purchaser shall procure the Target Company to refund such amount, after deducting the expenses reasonably incurred by the Target Company in connection with the Litigation Case, to the Vendors without interest within thirty (30) days from the date of receipt of the Judgment Notice (as defined below). If the Target Company is unable to recover any amount from the Overdue Loan, the Vendors shall pay to the Target Company all expenses reasonably incurred by the Target Company in connection with the Litigation Case within thirty (30) days from the date of receipt of the Judgment Notice (as defined below).

The Target Company shall, within thirty (30) days from the date of the judgment of the Litigation Case, notify the Vendors in writing the results of the judgement of Litigation Case and the amounts payable by/to the Vendors in accordance with the provisions set out above (the "**Judgment Notice**"). The Judgment Notice shall, in the absence of manifest error, be final and conclusive and binding on the Target Company and the Vendors.

Promissory Notes

The principal terms of the Promissory Notes are summarised below:

Issuer	:	the Company
Payees	:	the Vendors
Principal amount	:	HK$378,000,000 as to (a) HK$143,640,000 to Vendor A (or its nominee); (b) HK$219,240,000 to Vendor B (or its nominee); and (c) HK$15,120,000 to Vendor C (or its nominee) respectively
Interest	:	7% per annum payable semi-annually in arrears
Maturity	:	the date falling on the third anniversary from the date of issue
Transferability	:	the Promissory Notes may, with five (5) Business Days' prior notice in writing to the Company of the relevant payee's intention to transfer or assign the Promissory Notes, be freely transferable and assignable by such payee to any other person and any subsequent holder of the Promissory Notes will (except as otherwise required by law) be treated as the absolute owner of the Promissory Notes for all purposes
Redemption	:	provided that the Company has given to the payee not less than ten (10) Business Days' prior notice in writing, the Company shall have the right at any time prior to the maturity date of the Promissory Notes redeem any part of the outstanding principal amount of Promissory Notes in whole or in part (in multiples of HK$1,000,000)

Having taken into account the facts that settling the Consideration by way of (i) cash would incur an immediate impact on the working capital of the Group; (ii) issue of consideration share and/or convertible bonds would dilute the shareholding of the existing Shareholders; and (iii) issue of the Promissory Note would, on the contrary, not incur an immediate impact on the working capital of the Group nor dilute the shareholding of the existing Shareholders, the Directors believe the issue of the Promissory Notes as settlement method is in the interest of the Company and the Shareholders as a whole.

In addition, the Board considers that the settlement of the Consideration by the Promissory Note is reasonable, taking into account that the interest rate of the Promissory Note of 7% per annum is similar to the nominal interest rate of the current medium-term bonds of the Company. Further, due to the net liabilities of approximately HK$38.93 million as at 30 September 2017 and a negative gearing ratio of approximately 7,512.94% as at 31 March 2017, the Board believes that it would be difficult for the Company to borrow the money from the commercial banks in Hong Kong.

Therefore, the Directors (including the independent non-executive Directors whose view are expressed in the letter from the Independent Board Committee) believe that the issue of the Promissory Notes enables the Group to (i) defer its immediate cash payment; and (ii) allow greater flexibility to the Group and help preserve its cash resources for working capital needs prior to the maturity of the Promissory Notes and are of the view that the terms of the Promissory Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors consider that the Acquisition will improve the financial performance, cash level and liquidity of the Enlarged Group. According to the "Unaudited pro forma financial information of the Enlarged Group" in Appendix III to this circular and assuming Completion had taken place on 31 March 2017, upon Completion, (i) the bank balances and cash of the Group would substantially increase from approximately HK$61.85 million to approximately HK$209.27 million; (ii) the loan and advances receivable of the Group would increase from approximately HK$38 million to approximately HK$247.19 million; and (iii) the revenue of the Enlarged Group would be approximately HK$204.53 million and the loss of the Enlarged Group would be significantly reduced from approximately HK$85.89 million to approximately HK$23.07 million for the year ended 31 March 2017.

The Board expects that the Company will be equipped with the ability to settle the Promissory Notes upon maturity given that (i) the improvement of liquidity of the Group as abovementioned is able to generate additional cash inflow to the Group in near future; (ii) the receipt of the amount of loan and advances receivable of the Enlarged Group will further strengthen the financial status of the Enlarged Group which provides the Enlarged Group a foundation to source long-term loan under market terms from other financial institution; (iii) the experience of the Target Company shall create synergy effect to the Group given that the Group is also engaged in money lending business such that the Acquisition will allow the Enlarged Group to procure a wider range of clients since the customers and financial foundation of the Enlarged Group will be strengthened upon Completion; and (iv) the Company has received a continual financial support declaration given by a Controlling Shareholder, pursuant to which the Controlling Shareholder is willing to extend the facility and loan provided by him upon maturity, which shall provide a strong financial backup to the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability on 24 November 2004. It is a licensed money lender and has been principally engaged in the provision of money lending business since 2009. The Target Company was acquired by the Vendors from Independent Third Parties in 2008 at an aggregate consideration of HK$500,000. The Target Company's loan portfolio consists of large loans as well as small personal loans which are provided to both individual and corporate clients, mainly SMEs.

Financial information of the Target Company

Set out below is a summary of the key financial data of the Target Company based on (i) the audited financial statements of the Target Company for the three years ended 31 March 2017 and (ii) the audited financial statements of the Target Company for four months ended 31 July 2017, respectively, which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2015	**For the year ended 31 March 2016**	**For the year ended 31 March 2017**	**For the four months ended 31 July 2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	122,481	79,983	96,731	22,320
Net profit before tax	111,764	44,010	78,222	17,089
Net profit after tax	93,280	36,692	65,314	13,833
Net assets	712,411	749,103	814,417	375,000

The audited net assets value of the Target Company as at 31 July 2017 amounted to approximately HK$375,000,000. The decrease in the net assets value for the Target Company from 31 March 2017 to 31 July 2017 was mainly attributable to the declaration of dividends in the aggregate amount of approximately HK$453.2 million to the Vendors for the four months ended 31 July 2017. The entire amount of the dividends declared represents the retained earnings of the Target Company as at 31 March 2017 and the audited net profit after tax of the Target Company for the four months ended 31 July 2017.

In addition, as set out the Appendix II to this circular, among the loans and advances receivable of approximately HK$348.19 million recorded by the Target Company as at 31 July 2017, the long overdue loans and advances receivable is approximately HK$111.50 million and (i) approximately HK$7 million was settled in October 2017; (ii) approximately HK$54 million is expected to be settled in the near future; and (iii) approximately HK$50 million is still under litigation for claiming the related principal and interest receivable amount.

Further details in relation to the financial information of the Target Company are set out in Appendix II to this circular.

INFORMATION ON THE VENDORS

The Vendors are companies incorporated in BVI with limited liability and are principally engaged in investment holding. As at the Latest Practicable Date, each of the Vendors is beneficially owned as to 50% by Guarantor A, an executive Director and the chairman of the Company and as to 50% by Guarantor B. Each of Guarantor A and Guarantor B holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the provision of computer software services, equine 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 SFO in Hong Kong, and the money lending business.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the Acquisition will provide positive long-term financial return to Group, and if materialises, represents a good opportunity for the Group to strengthen the development of money lending business of the Group so as to enhance future Shareholders' return following the Acquisition, and thereby believe the terms of the Sale and Purchase Agreement (including the Consideration) are on normal commercial terms, and the Acquisition is in the interest of the Company and the Shareholders as a whole.

Guarantor A, who is a 50% beneficial owner of each of the Vendors and an executive Director, has a material interest in the Acquisition and has abstained from voting on the relevant Board meeting for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is principally engaged in the financial services business and equine services business. Although the economic outlook in Hong Kong has remained modest with elevated risk of slowdown in economic growth as well as higher volatility in the financial markets, this economic environment presents both opportunities and challenges for the financial services segment. The Directors are of the view that the continuous liberalisation 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.

The Target Company is principally engaged in the business of money lending in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), by providing large loans in the range of HK$200,000 to HK$200 million and small loans in the range of HK$3,000 to HK$75,000 to both individual and corporate clients. The major sources of customers include (i) loans to individuals holding HKID and foreign domestic workers from the Philippines with respect to small loans; and (ii) loans to listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges with respect to large loans.

The Directors believe that the business of the Target Company is in line with the principal business of the Group such that the completion of the Acquisition can further diversify and strengthen the financial services of the Group by expanding its existing loan portfolio and client base. Accordingly, it is expected that the Group can leverage on the Target Company's business performance to capture favourable development opportunities in the financial market so as to enhance the Enlarged Group's return to the Shareholders.

Therefore, the Directors (including the independent non-executive Directors whose views have been expressed in the letter from the Independent Board Committee) believe that the Acquisition is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

Following the Completion, members of the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the Group's accounts. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition on the results, assets and liabilities of the Group is set out in Appendix III to this circular.

Assets and liabilities

The audited consolidated total assets and total liabilities of the Group as at 31 March 2017, as extracted from the annual report of the Company for the financial year ended 31 March 2017, were approximately HK$560,259,660 and HK$565,647,563 respectively. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming Completion had taken place on 31 March 2017, the pro forma total assets and total liabilities of the Enlarged Group would have been increased to approximately HK$1,045,687,000 and HK$1,053,575,000 respectively.

Earnings

Following the Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Group will be able to consolidate revenue and costs from the Target Company. The audited loss attributable to the owners of the Company from continuing operations for the financial year ended 31 March 2017 as extracted from the annual report of the Company for the year ended 31 March 2017 was approximately HK$85,358,958. Based on the accountants' report of the Target Company as set out in Appendix II to this circular, for the year ended 31 March 2017, the Target Company recorded profit for the year of approximately HK$65,314,000. According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, as if the Acquisition had been completed on 1 April 2016, the pro forma loss of the Enlarged Group for the year ended 31 March 2017 attributable to the owners of the Company would have been approximately HK$22,545,000.

Further details are set out in "Appendix III — Unaudited pro forma financial information of the Enlarged Group" to this circular.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, each of the Vendors is beneficially owned as to 50% by Guarantor A, an executive Director and the chairman of the Company and as to 50% by Guarantor B. Each of the Guarantors holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date. The Guarantors are therefore Controlling Shareholders of the Company. Accordingly, each of the Vendors is a connected person of the Company under the GEM Listing Rules and the Acquisition shall constitute a connected transaction on the part of the Company under the GEM Listing Rules.

As one or more of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The EGM will be convened at which the Independent Shareholders will consider, and, where appropriate, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM. Each of the Vendors, the Guarantors and their respective associates, being interested in 654,677,040 Shares together as at the Latest Practicable Date, is required to abstain from voting on the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save for the aforesaid and to the best knowledge of the Company, as at the Latest Practicable Date, no other Shareholder has material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

NOTICE OF EGM

Set out on pages EGM-1 to EGM-2 of the circular is a notice convening the EGM to be held at Units 2414–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Friday, 12 January 2018 at 4:00 p.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy of the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the same to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Independent Board Committee, compromising Mr. Chan Tin Lup Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun, being all the independent non-executive Directors, has been established to advise the Independent Shareholders whether the terms of the Acquisition are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. The Independent Financial Adviser, Astrum, has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 44 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular.

The Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

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

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)

22 December 2017

To the Independent Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SUN FINANCE COMPANY LIMITED

We refer to the letter from the Board set out in the circular dated 22 December 2017 of the Company (the "**Circular**") of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the GEM Listing Rules, the transactions contemplated under the Sale and Purchase Agreement constitute a very substantial acquisition and connected transaction (as defined under the GEM Listing Rules) for the Company and are subject to the approval of the Independent Shareholders.

We have been appointed by the Board as members of the Independent Board Committee to, among others, advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, details of which are set out in the "Letter from the Board" in the Circular. We wish to draw your attention to (i) the letter of advice from Astrum, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement, which has been set out on pages 18 to 44 of the Circular; and (ii) the "Letter from the Board" which has been set out on pages 5 to 15 of the Circular.

Having taken into account of the advice from the Independent Financial Adviser, we consider that the Sale and Purchase Agreement has been entered into upon normal commercial terms following arm's length negotiations between the parties thereto, and that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee
Mr. Chan Tin Lup, Trevor **Mr. Tou Kin Chuen** **Mr. Jim Ka Shun**
Independent non-executive Directors

Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

22 December 2017

To the Independent Board Committee and
the Independent Shareholders of
Sun International Group Limited
(formerly known as Sun International Resources Limited)

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SUN FINANCE COMPANY LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of Sun International Group Limited (formerly known as Sun International Resources Limited) (the "**Company**") in relation to the proposed acquisition (the "**Acquisition**") of the entire share capital of Sun Finance Company Limited (the "**Target Company**"). The details of the Acquisition are disclosed in the announcement of the Company dated 29 September 2017 (the "**Announcement**") and in the letter from the Board (the "**Letter from the Board**") set out on pages 5 to 15 of the circular of the Company dated 22 December 2017 (the "**Circular**") to its shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise defined.

On 29 September 2017, the Vendors, the Guarantors and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement (as amended and supplemented by the extension letter dated 20 December 2017), pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at a total Consideration of HK$378,000,000, which shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to the Vendors (or their respective nominees) upon Completion.

As one or more of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

As at the Latest Practicable Date, each of the Vendors was beneficially owned as to 50% by Guarantor A, an executive Director and the chairman of the Company and as to 50% by Guarantor B. Each of the Guarantors holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date. The Guarantors are therefore Controlling Shareholders of the Company. Accordingly, each of the Vendors is a connected person of the Company under the GEM Listing Rules and the Acquisition shall constitute a connected transaction on the part of the Company under the GEM Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chan Tin Lup Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun, has been established to advise and provide recommendation to the Independent Shareholders on the voting in respect of the transactions contemplated under the Sale and Purchase Agreement. We, Astrum Capital Management Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on the voting in respect of the transactions contemplated under the Sale and Purchase Agreement.

INDEPENDENCE DECLARATION

During the period from August to October 2017, we acted as the independent financial adviser of a listed company on the Stock Exchange of Hong Kong Limited, where Guarantor B is the executive director, chairman and controlling shareholder, in respect of a connected transaction. Save as disclosed above, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Eminent Crest Holdings Limited (Vendor A), Peak Stand Holdings Limited (Vendor B), Sheen Light Holdings Limited (Vendor C), Sun Finance Company Limited (Target Company) and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, there was no engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the entering into of the Sale and Purchase Agreement, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 17.96 of the GEM Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Sale and Purchase Agreement, the 2017 annual report of the Company for the year ended 31 March 2017 (the "**2017 Annual Report**") and the 2017 interim results announcement of the Company for the six months ended 30 September 2017 (the "**2017 Interim Results Announcement**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations and prospects of the Group and the Target Company. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussion with the Management regarding the terms of the Sale and Purchase Agreement, the businesses and future prospects of the Group and the Target Company. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations with regard to the Independent Board Committee and the Independent Shareholders with regard to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement, we have taken into account the following principal factors and reasons:

1. Information of the Group

A. Business and financial information of the Group

The Company is an investment holding company. The Group is principally engaged in the provision of computer software solution and services ("**Computer Segment**"), equine services ("**Equine Segment**"), 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 ("**Financial Services Segment**"). A summary of (i) the audited financial information of the Group for the financial years ended 31 March 2016 ("**FY2016**") and 31 March 2017 ("**FY2017**"), as extracted from the 2017 Annual Report; and (ii) the unaudited financial information of the Group for the six months ended 30 September 2016 ("**1H2016**") and 30 September 2017 ("**1H2017**") as extracted from the 2017 Interim Results Announcement, is set out as below:

Table 1: Consolidated statement of profit or loss and other comprehensive income of the Group

	For the year ended 31 March		**For the six months ended 30 September**	
	2016	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Revenue				
– *Computer Segment*	*28,590,000*	*13,152,660*	*9,630,000*	*584,000*
– *Equine Segment*	*87,852,602*	*51,598,624*	*26,797,820*	*23,526,179*
– *Financial Services Segment*	*4,696,162*	*43,138,023*	*25,217,824*	*14,809,208*
Total revenue	121,138,764	107,889,307	61,645,644	38,919,387
Gross profit	71,213,065	68,026,109	36,972,804	22,585,547
(Loss) before taxation	(125,052,411)	(85,816,500)	(6,486,285)	(24,085,302)
(Loss) for the year/ period	(125,573,641)	(85,884,928)	(7,688,385)	(24,502,202)
(Loss) for the year/ period attributable to owners of the Company	(115,695,395)	(85,358,958)	(7,473,965)	(21,665,085)

Table 2: Consolidated statement of financial position of the Group

	As at 31 March		As at 30 September
	2016	**2017**	**2017**
	HK$	*HK$*	*HK$*
Non-current assets	307,302,190	149,772,537	155,253,670
Current assets	487,855,501	410,487,123	376,122,817
Bank balances and cash	105,525,721	61,854,123	52,492,512
Current (liabilities)	(360,753,656)	(375,431,747)	(140,065,110)
Non-current (liabilities)	(352,016,328)	(190,215,816)	(430,244,104)
Net assets/(liabilities)	82,387,707	(5,387,903)	(38,932,727)
Equity/(liabilities) attributable to owners of the Company	79,150,958	(8,098,682)	(38,806,389)

(i) FY2017 vs FY2016

Total revenue in FY2017 was approximately HK$107.9 million, representing a decrease of approximately 10.9% from approximately HK$121.1 million in FY2016.

Revenue from Computer Segment decreased from approximately HK$28.6 million in FY2016 to approximately HK$13.2 million in FY2017. The Group experienced increased competition in the industry, changing needs of customers and rapid development in information technology. While the Group had increased investment in new product development, no significant positive results was received from the market.

Revenue from Equine Segment decreased from approximately HK$87.9 million in FY2016 to approximately HK$51.6 million in FY2017. Such decrease was mainly due to the decrease in revenue from rearing of bloodstocks for trading and racing.

Revenue from Financial Services Segment increased from approximately HK$4.7 million in FY2016 to approximately HK$43.1 million in FY2017. The Group acquired Sun International Credit Limited ("**Sun Int'l Credit**"), a money lending company, in November 2015 and two SFC licensed corporations in February 2016. These newly acquired companies contributed new revenue source to the Group and FY2017 was the first full financial year for this segment.

Loss attributable to owners of the Company amounted to approximately HK$85.4 million in FY2017, representing a decrease of approximately 26.2% from loss of approximately HK115.7 million in FY2016. Such decrease in loss in FY2017 was mainly due to (i) the gain on disposal of associates of Yuet Sing Group Limited and 日盛世紀(湖北)礦業有限公司 of approximately HK$14.8 million in FY2017; (ii) the absence of impairment loss on goodwill in FY2017 while goodwill associated with cash generating units of Computer Segment in the amount of approximately

HK$6.5 million was impaired in FY2016; and (iii) the absence of impairment loss on amount due from non-controlling shareholders of a subsidiary, Sun United Racing Limited, in FY2017 while approximately HK$9.4 million was impaired in FY2017 as that subsidiary was dissolved in April 2016.

As at 31 March 2017, the Group had total assets of approximately HK$560.3 million and total liabilities of approximately HK$565.6 million. Bank balances and cash of the Group as at 31 March 2017 amounted to approximately HK$61.9 million. The Group recorded net liabilities attributable to owners of the Company of approximately HK$8.1 million as at 31 March 2017.

(ii) 1H2017 vs 1H2016

Total revenue in 1H2017 was approximately HK$38.9 million, representing a decrease of approximately 36.9% from approximately HK$61.6 million in 1H2016.

Revenue from Computer Segment decreased from approximately HK$9.6 million in 1H2016 to approximately HK$0.6 million in 1H2017. Such decrease was mainly due to increased competition and rapid change of customers' need on online game market which leads to loss of market share.

Revenue from Equine Segment decreased from approximately HK$26.8 million in 1H2016 to approximately HK$23.5 million in 1H2017. Such decrease was mainly due to fluctuation of market on breeding service price and change of company strategy on focusing on agistment services of internal bloodstock.

Revenue from Financial Services Segment decreased from approximately HK$25.2 million in 1H2016 to approximately HK$14.8 million in 1H2017. Such decrease was mainly due to decrease in services of underwriting and placing brokerage and securities service income.

Loss attributable to owners of the Company amounted to approximately HK$21.7 million in 1H2017, representing an increase of approximately 189.9% from approximately HK$7.5 million in 1H2016. Such increase in loss in 1H2017 was mainly due to (i) the decrease in revenue recognised in each business segment; (ii) the increase in finance cost from approximately HK$8.4 million in 1H2016 to approximately HK$21.5 million in 1H2017 due to the increase in borrowings of HK$232 million in 1H2017; and (iii) the absence of gain on disposals in 1H2017 while gain on disposal of associates of Yuet Sing Group Limited and 日盛世紀(湖北)礦業有限公司 of approximately HK$14.8 million was recognized in 1H2016.

As at 30 September 2017, the Group had total assets of approximately HK$531.4 million and total liabilities of approximately HK$570.3 million. Bank balances and cash of the Group as at 30 September 2017 amounted to approximately HK$52.5 million. The Group recorded net liabilities attributable to owners of the Company of approximately HK$38.8 million as at 30 September 2017.

2. Information of the Vendors

The Vendors are companies incorporated in BVI with limited liability, which are principally engaged in investment holding. As at the Latest Practicable Date, each of the Vendors is beneficially owned as to 50% by Guarantor A, being an executive Director and the chairman of the Company and as to 50% by Guarantor B. Each of the Guarantors holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date. The Guarantors are therefore Controlling Shareholders of the Company. Accordingly, each of the Vendors is a connected person of the Company under the GEM Listing Rules.

3. Information of the Target Company

A. Shareholding structure of the Target Company

As at the Latest Practicable Date, the Target Company was owned by Vendor A as to 38%, Vendor B as to 58% and Vendor C as to 4%. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Group.

B. Background of the Target Company

The Target Company has been operated as a money lender under the name of Sun Finance Co., Limited since 2009. Currently, the Target Company has two branches respectively located in Mongkok and Sheung Wan. The branches mainly serve individual borrowers who have personal financial needs, including individuals holding Hong Kong identity card and foreign domestic workers from Philippines. The loan amount is relatively small and usually unsecured. The Target Company classified this type of loan as "*Small Loan*" and currently there are approximately 145 Small Loan active accounts. Size of Small Loan usually ranges from HK$3,000 to less than HK$75,000 and normally bears interest rate of 48% per annum ("**p.a.**"). The lending period of Small Loan usually ranges from 6 months to 12 months. According to the unaudited financial information provided by the Target Company, the average monthly loans and advances receivable for Small Loan (excluding interest receivable) for the three financial years ended 31 March 2015, 2016 and 2017 (respectively "**FY2015**", "**FY2016**" and "**FY2017**") and the four months period ended 31 July 2017 ("**4M2017**") were approximately HK$1.1 million, HK$1.3 million, HK$1.2 million and HK$1.2 million respectively, and interest income derived from Small Loan amounted to approximately HK$624,000, HK$724,000, HK$595,000 and HK$209,000 respectively. The provision for bad debts for Small Loans amounted to approximately HK$237,000, HK$297,000, HK$282,000 and HK$70,000 respectively for FY2015, FY2016, FY2017 and 4M2017.

Apart from Small Loan, the Target Company also serve corporate and individual borrowers with principal loan amount ranging from HK$0.2 million to HK$200 million. The Target Company classified this type of loan as "*Large Loan*". Large Loan may or may not be secured. Typical security for Large Loan includes property, corporate guarantee, personal guarantee, listed securities and loans receivables or equivalents. The interest rate for Large Loan normally ranges from 18% p.a. to 36% p.a. The Target Company sources Large Loan through the network of its management and directors including Mr. Cheng Ting Kong and Mr. Chau Cheok Wa. According to the unaudited management account provided by the Target Company, the average monthly loans and advances receivable (excluding interest receivable) for Large Loan for FY2015, FY2016, FY2017 and 4M2017 were approximately HK$440.0 million, HK$341.1 million, HK$322.9 million and HK$261.9 million respectively, and the average monthly number of contracts for Large Loan for FY2015, FY2016, FY2017 and 4M2017 were approximately 24, 14, 9 and 13 respectively, and interest income derived from Large Loan amounted to approximately HK$121.9 million, HK$79.3 million, HK$96.1 million and HK$22.1 million respectively. The provision for bad debts for Large Loans amounted to nil, approximately HK$26.9 million, nil and HK$2.6 million respectively for FY2015, FY2016, FY2017 and 4M2017.

C. Financial information of the Target Company

A summary of the audited financial information of the Target Company for FY2015, FY2016, FY2017 and 4M2017 and the four months ended 31 July 2016 ("**4M2016**"), as extracted from Appendix II to the Circular is set out below:

Table 3: Statement of profit or loss and other comprehensive income of the Target Company

	FY2015	**FY2016**	**FY2017**	**4M2016**	**4M2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	122,481	79,983	96,731	41,828	22,320
Net profit before taxation	111,764	44,010	78,222	31,840	17,089
Net profit after taxation	93,280	36,692	65,314	26,587	13,833

Table 4: Statement of financial position of the Target Company

	As at 31 March			**As at 31 July**
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	9,239	424	209	167
Current assets	714,112	901,763	821,646	497,260
Loans and advances receivable	454,777	514,156	247,549	348,188
Cash and cash equivalents	10,884	49,378	229,861	147,414
Current (liabilities)	(10,940)	(153,084)	(7,439)	(122,428)
Net assets	712,411	749,103	814,417	375,000

(i) FY2016 vs FY2015

In FY2016, the revenue generated from the Target Company decreased by approximately 34.7% from approximately HK$122.5 million to HK$80.0 million. Such decrease was mainly due to the decrease in number of Large Loans and average monthly loans and advances receivable in FY2016. Profit before taxation decreased from approximately HK$111.8 million in FY2015 to approximately HK$44.0 million in FY2016 as a result of (i) the decrease in revenue; (ii) the provision for bad debts increased from approximately HK$0.2 million in FY2015 to approximately HK$27.2 million in FY2016 mainly due to the provision of five Large Loans in an aggregate amount of approximately HK$26.9 million during FY2016; and (iii) the addition of finance cost of HK$1.3 million in FY2016 due to the issue of promissory notes ("**2016 PN**") in the total amount of HK$15 million for the financing of a Large Loan in the initial principal amount of HK$200 million in March 2016. As a result of the foregoing and the deduction on income tax expenses, the profit in FY2016 decreased to approximately HK$36.7 million from approximately HK$93.3 million in FY2015.

As at 31 March 2016, current assets of the Target Company amounted to approximately HK$901.8 million, among which, loans and advances receivable amounted to approximately HK$514.2 million and cash amounted to approximately HK$49.4 million. As at 31 March 2016, net assets of the Target Company amounted to approximately HK$749.1 million, representing an increase of approximately HK$36.7 million from HK$712.4 million as at 31 March 2015 due to the addition of retained profits generated in FY2016.

(ii) FY2017 vs FY2016

In FY2017, the revenue generated from the Target Company increased by approximately 20.9% from approximately HK$80.0 million to HK$96.7 million. Such increase was mainly due to the advance of a Large Loan in the initial principal amount of HK$200 million at 30% p.a. for four months in FY2017. In FY2017, approximately HK$496,000 of the revenue of the Target Company was contributed by the Company. Profit before taxation increased from approximately HK$44.0 million in FY2016 to approximately HK$78.2 million in FY2017 as a result of (i) the increase in revenue; and (ii) the provision for bad debts decreased from approximately HK$27.2 million in FY2016 to approximately HK$0.3 million in FY2017, and partially offset by the increase in finance cost of approximately HK$6.8 million in FY2016 due to the issue of 2016 PN. As a result of the foregoing and the deduction on income tax expenses, the profit in FY2017 increased to approximately HK$65.3 million from approximately HK$36.7 million in FY2016.

As at 31 March 2017, current assets of the Target Company amounted to approximately HK$821.6 million, among which, loans and advances receivable amounted to approximately HK$247.5 million and cash amounted to approximately HK$229.9 million. As at 31 March 2017, net assets of the Target Company amounted to approximately HK$814.4 million, representing an increase of approximately HK$65.3 million from HK$749.1 million as at 31 March 2016 due to the addition of retained profits generated in FY2017. As at 31 March 2017, the Target Company's loan receivable from the Company amounted to approximately HK$15.5 million.

(iii) 4M2017 vs 4M2016

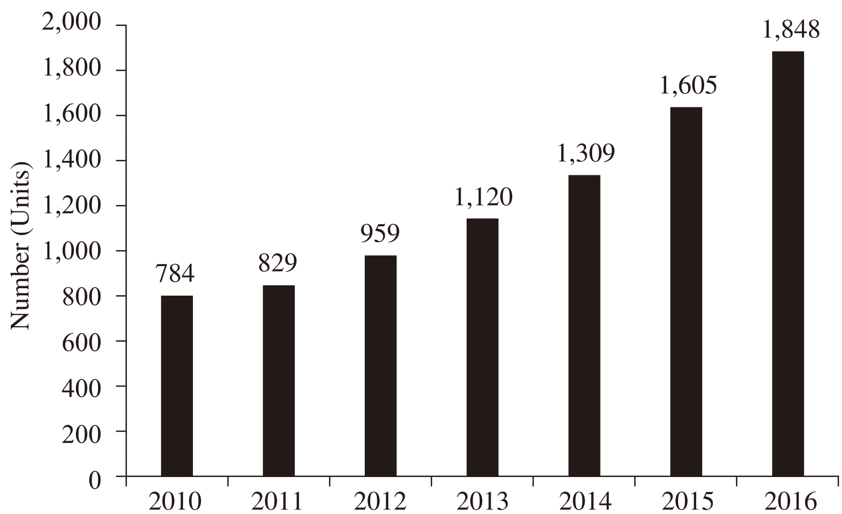
In 4M2017, the revenue generated from the Target Company decreased by approximately 46.6% from approximately HK$41.8 million to HK$22.3 million. From March 2017 to July 2017, the Target Company advanced six loans to the Group in the total amount of HK$139 million at an interest rate of 8% p.a. As the interest rate charged by the Target Company to the Group was substantially lower than the normal interest rate charged by Target Company to other clients, revenue generated from the Target Company decreased in 4M2017. In 4M2017, approximately HK$985,000 of the revenue of the Target Company was contributed by the Company. Profit before taxation decreased from approximately HK$31.8 million in 4M2016 to approximately HK$17.1 million in 4M2017 as a result of (i) the decrease in revenue; and (ii) the increase in provision for bad debts from approximately HK$0.1 million in 4M2016 to approximately HK$2.7 million in 4M2017 due to the provision made for a Large Loan, and partially offset by the absence of finance cost in 4M2017 while finance cost of approximately HK$7.1 million was recognised in 4M2016 due to the issue of 2016 PN. As a result of the foregoing and the deduction on income tax expenses, the profit in 4M2017 decreased to approximately HK$13.8 million from approximately HK$26.6 million in 4M2016.

As at 31 July 2017, current assets of the Target Company amounted to approximately HK$497.3 million, among which, loans and advances receivable amounted to approximately HK$348.2 million and cash amounted to approximately HK$147.4 million. As at 31 July 2017, net assets of the Target Company amounted to approximately HK$375.0 million, representing a decrease of approximately HK$439.4 million from HK$814.4 million as at 31 March 2017 due to the addition of retained profits generated in 4M2017 and offset by the interim dividend paid of approximately HK$453.2 million during the period in 4M2017. As at 31 March 2017, the Target Company's loan receivable from the Company amounted to approximately HK$140.5 million.

4. Industry

According to the latest figure released by Registrar of Money Lenders, Companies Registry, there were 1,945 licensed money lenders in Hong Kong's licensed money lending industry as at the end of September 2017. The number of licensed money lenders has been increasing from 2010 to 2016 due to the ease of application for a money lenders license and the increasing demand for money lending service in Hong Kong.

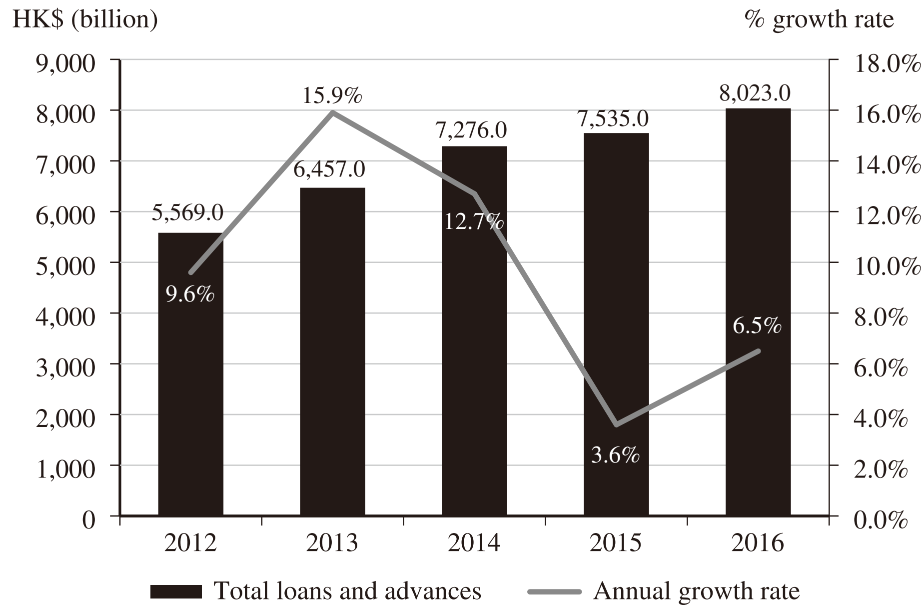
Chart 1 – Approximate number of licensed money lenders in Hong Kong



Source: Hong Kong Monetary Association and Companies Registry, Hong Kong

The number of licensed money lenders in Hong Kong has been accelerating at a steady pace, increasing from 784 in 2010 to 1,848 in 2016 and representing a compound annual growth rate ("**CAGR**") of approximately 15.4%. The significant increase in the number of licensed money lenders was mainly attributable to the strong demand for loan in Hong Kong.

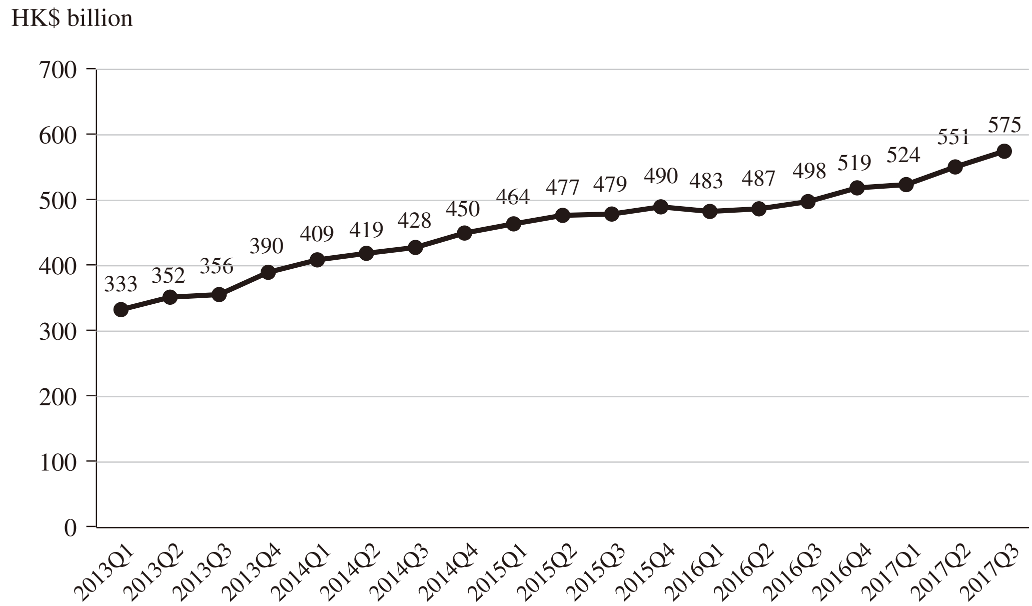
Chart 2 – All loans and advances for use in Hong Kong



Source: Financial Secretary's Office, Hong Kong

In general, the total outstanding value of loans and advances in Hong Kong presented a positive growth in the past 5 years increasing from approximately HK$5,569.0 billion at end of 2012 to approximately HK$8,023.0 billion at end of 2016 and representing a CAGR of approximately 9.56%. The continuing growth in the total value of loans and advances was mainly attributable to the low interest rate environment in Hong Kong. As of the end of 2016, the major uses of the loans and advances were building, construction, property development and investment, as well as purchase of residential property, which accounted for approximately 15.7% and approximately 14.5% of the total outstanding value of loans and advances as at the end of 2016.

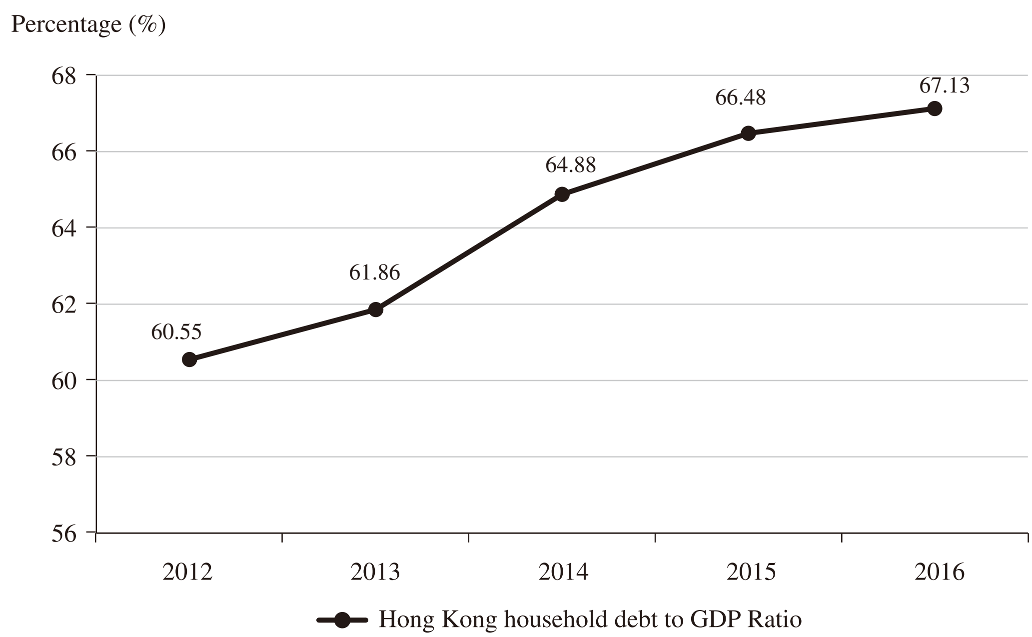
Chart 3 – Loan for other uses by individuals in Hong Kong



Source: The Hong Kong Monetary Authority, Hong Kong

According to the *Monetary Statistics* published by the Hong Kong Monetary Authority, the aggregate amount of loan for other uses by individuals in Hong Kong, i.e. excluding the purchase amount in flats and residential properties, has been increasing over the last four years. With expansion in number of licensed money lenders, the loan amount climbed up from approximately HK$356 billion in the third quarter of 2013 to approximately HK$575 billion in the third quarter of 2017, representing a CAGR of approximately 12.8%. The continual growth in loan for other uses by individuals in Hong Kong is in line with the growth of number of licensed money lenders.

Chart 4 – Hong Kong household debt to GDP ratio



*Source: CEIC Data Company Limited ("**CEIC**")*

As illustrated in Chart 4 above, the Hong Kong household debt to Gross Domestic Product ("**GDP**") ratio ("**Debt to GDP Ratio**"), being the data published by CEIC Data Company Limited, which was an independent database vendor founded in 1992 by a team of expert economists and analysts which covers macro-economic, industrial, and financial time series data from more than 50 countries, demonstrated an increasing trend from approximately 60.55% in 2012 to approximately 67.13% in 2016, representing a CAGR of approximately 2.61%. Household debt generally covers three types of loans and advances to professional and private individuals, namely (i) loans for purchases of residential properties; (ii) credit card advances; and (iii) loans for other private purposes.

The significant increase in the Debt to GDP Ratio implies higher demand for loans and advances from households, which will favor the money lending industry in Hong Kong for the long term. In this regard, we are of the view that the Acquisition represents a good opportunity for the Group to further expand its foothold in the money lending business in Hong Kong and is in the interests of the Company and the Shareholders as a whole.

5. Reasons for and benefits of the Acquisition

The Group is engaged in Computer Segment, Equine Segment and Financial Services Segment. Since December 2007, the Group has commenced the operation of the Computer Segment through the acquisition of a subsidiary at a consideration of approximately HK$429.9 million. For the first six financial years from 1 April 2008 to 31 March 2014, the Computer Segment contributed majority of total revenue to the Group with the size of revenue oscillated around HK$100 million from the lowest of HK$88.2 million in the year ended 31 March 2010 to the peak of approximately HK$142.3 million in the year ended 31 March 2012. However, the revenue of the Computer Segment dropped afterwards from approximately HK$140.2 million in the year ended 31 March 2013 to approximately HK$13.2 million in the year ended 31 March 2017, representing a negative CAGR of approximately 44.7%. Segment results of the Computer Segment (excluding the impairment of goodwill) also reached the peak of approximately HK$109.4 million in the year ended 31 March 2012. Unfortunately, the segment results (excluding the impairment of goodwill) kept diminishing afterwards from profit of approximately HK$100.8 million in the year ended 31 March 2013 to the loss of approximately HK$0.9 million in the year ended 31 March 2017, representing a negative CAGR of approximately 100.2%. As advised by the Management, the Computer Segment is not optimistic in near future due to the rapid change in taste of customers and keen market competition in the online game business and therefore the Group did not allocate much resources in this segment. The revenue derived in the year ended 31 March 2017 mainly came from unexpired old contracts. We are of the view that the lifecycle of an online game is short as new games are launched continuously and the industry competition comes from around the globe. Unless the Group devotes tremendous resources to design and develop new online games and to increase marketing effort for the launch or sale of the online games, it is difficult for the Group to sustain in the industry.

In June 2013, the Group announced to step into the operation of the Equine Segment through the acquisition of equine business related assets in Australia. While the Equine Segment has contributed majority of total revenue to the Group, this segment was, however, unprofitable for four consecutive years since its acquisition. The revenue of the Equine Segment amounted to approximately HK$55.7 million, HK$99.4 million, HK$87.9 million and HK$51.6 million respectively for each of the financial years ended 31 March 2014, 2015, 2016 and 2017. The segment loss of Equine Segment (excluding fair value change in the biological assets) amounted to approximately HK$64.4 million, HK$136.9 million, HK$69.4 million and HK$70.9 million respectively for each of the financial years ended 31 March 2014, 2015, 2016 and 2017. As advised by the Management, the continual loss on Equine Segment was mainly due to high operating costs of the business including but not limited to rearing and distribution cost of stallions, events and advertising, insurance, transportation and professional fees.

In November 2015, the Group acquired Sun Int'l Credit, the current subsidiary of the Group engaging in the money lending business, at a consideration of HK$500,000. In February 2016, the Group completed the acquisition of Sun International Securities Limited and Sun International Asset Management Limited at an aggregate consideration of HK$147.3 million. Subsequent to the aforesaid acquisitions, the Group extended its business operation to the Financial Services Segment. For the year ended 31 March 2017, being the first full financial year after the aforesaid acquisitions, revenue and segment profit from the Financial Services Segment amounted to approximately HK$43.1 million and HK$9.2 million respectively. The Financial Services Segment was the only profitable segment in the year ended 31 March 2017. As stated in the 2017 Annual

Report, 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.

We have obtained the unaudited management account of Sun Int'l Credit and noted the revenue generated in the year ended 31 March 2017 amounted to approximately HK$8.9 million. According to the Management, the business activity of Sun Int'l Credit was quite low with only four secured loan contracts in the principal amount ranging from HK$5 million to HK$30 million since its acquisition. On the contrary, the Target Company has been operating for 8 years and is focusing on both Small Loan and Large Loan. Though the income stream generated from Small Loan was relatively thin, the Target Company has already established a foothold in Small Loan with client base where future expansion can be more readily achievable. In addition, the strength of the Target Company lies on its capability to sustain the business in Large Loan. According to the unaudited financial information provided by the Target Company, the average monthly loans and advances receivable for Large Loan for FY2015, FY2016, FY2017 and 4M2017 were approximately HK$440.0 million, HK$341.1 million, HK$322.9 million and HK$261.9 million respectively, and the average monthly number of contracts for Large Loan for FY2015, FY2016, FY2017 and 4M2017 were approximately 24, 14, 9 and 13 respectively. The Management considered that the Acquisition can strengthen the existing Large Loan business of the Group and further diversify the money lending business of the Group into the Small Loan business through the established customer base and reputation of the Target Company.

Having considered that (i) the Computer Segment turned to loss making position in FY2017 and the Equine Segment recorded continual segment loss for four consecutive years since acquisition; (ii) the money lending industry in Hong Kong is relatively promising as stated in the section headed "*4. Industry*", in particular, the aggregate amount of loan for other uses by individuals in Hong Kong (excluding the purchase amount in flats and residential properties) climbed up from approximately HK$356 billion in the third quarter of 2013 to approximately HK$575 billion in the third quarter of 2017, representing a CAGR of approximately 12.8%; (iii) the Target Company has sustainable number of clients and has remained profitable in recent years as stated in the section headed "*3. Information of the Target Company – C. Financial information of the Target Company*", the Management considers, and we also concur with their view, that the Acquisition represents a good opportunity which allows the Group to strengthen its money lending business through horizontal integration, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Sale and Purchase Agreement

Date : 29 September 2017

Parties

Purchaser : Pioneer Frontier Limited, a wholly-owned subsidiary of the Company

Vendors :
(1) Eminent Crest Holdings Limited, as Vendor A;
(2) Peak Stand Holdings Limited, as Vendor B; and
(3) Sheen Light Holdings Limited, as Vendor C

Guarantors : (1) Mr. Cheng Ting Kong, as Guarantor A; and

(2) Mr. Chau Cheok Wa, as Guarantor B

As set out in the Letter from the Board, the principal terms of the Sale and Purchase Agreement are summarized as below:

A. Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendors shall as beneficial owners sell and the Purchaser shall purchase the Sale Shares free from all Encumbrances with effect from Completion together with all rights attaching thereto including but not limited to all dividends to be paid, declared or made in respect thereof at any time on or after the Completion Date.

The purchaser shall not obliged to purchase any of the Sale Shares unless the sale and purchase of the Sales Shares are completed simultaneously.

B. Consideration

The total Consideration payable for the sale and purchase of the Sale Shares shall be HK$378,000,000, of which HK$143,640,000, HK$219,240,000 and HK$15,120,000 shall be payable to Vendor A, Vendor B and Vendor C (or their respective nominees) respectively.

(a) Payment arrangement

The Consideration shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to Vendor A, Vendor B and Vendor C (or their respective nominee(s)), in the amounts of HK$143,640,000, HK$219,240,000 and HK$15,120,000 respectively, upon Completion.

According to the 2017 Interim Results Announcement, the cash level and net liabilities of the Group were approximately HK$52.5 million and HK$38.9 million as at 30 September 2017. As at 31 March 2017, the Group recorded a negative gearing ratio of approximately 7,512.94%. As the current cash level of the Group is insufficient to settle the Consideration, we are of the view that the payment arrangement under the Acquisition Agreement will alleviate the liquidity pressure of the Group as no immediate cash payment is required while allowing the Group to expand its money lending business through the Acquisition at the moment. We also concur with the view of the Management that it is difficult for the Group to obtain bank financing with reasonable interest rates given the current unsatisfactory financial position of the Group. The Management has also considered the issue of consideration shares and/or convertible bonds. However, both of these methods would inevitably cause shareholding dilution to the existing Shareholders. In addition, we note that (i) each of the Vendors is beneficially owned as to 50% by Guarantor A, being an executive Director and the chairman of the Company and as to 50% by Guarantor B; and (ii) each of the Guarantors holds 50% of the issued share capital of First Cheer Holdings Limited, which in turn holds 654,677,040 Shares, representing approximately 47.05% of the issued share capital of the Company as at the Latest Practicable Date. If the Consideration was settled by issuance of consideration shares and/or convertible bonds, it would possibly increase the shareholding of First Cheer Holdings Limited by more than 2%. Pursuant to Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs, First Cheer Holdings Limited and parties acting in concert with it would be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by First Cheer Holdings Limited and parties acting in concert with it). As advised by First Cheer Holdings Limited, Guarantor A and Guarantor B, they have no intention to make a general offer for all the issued securities of the Company.

According to the Letter from the Board, the Management expects that the Company will be equipped with the ability to settle the Promissory Notes upon maturity given that (i) the improvement of liquidity of the Enlarged Group will enable the Enlarged Group to generate additional cash inflow in near future; (ii) the receipt of the amount of loan and advances receivable of the Enlarged Group will further strengthen the financial status of the Enlarged Group which provides the Enlarged Group a foundation to source long-term loan under market terms from other financial institution; (iii) the experience of the Target Company shall create synergy effect to the Group given that the Group is also engaged in money lending business such that the Acquisition will allow the Enlarged Group to procure a wider range of clients since the customers and financial foundation of the Enlarged Group will be strengthened upon Completion; and (iv) the Company has received a continual financial support declaration given by a Controlling Shareholder, pursuant to which the Controlling Shareholder is willing to extend the facility and loan provided by him upon maturity, which shall provide a strong financial backup to the Group. We are of the view that the three-year period to maturity under the Promissory Notes is reasonable for the Company to achieve the above expectations such that the Company is able to settle the Promissory Notes upon maturity.

Taking into account the above and the terms of the Promissory Notes are fair and reasonable (details of which is discussed in the paragraph headed "Promissory Notes"), we concur with view of the Management that the settlement of the Consideration by way of issue of the Promissory Notes is fair and reasonable.

(b) Basis in determining the Consideration

According to the Letter from the Board, the Consideration of HK$378,000,000 was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms by taking into account the net asset value of the Target Company attributable to the Sale Shares. The Directors consider the terms and conditions of the Sale and Purchase Agreement, which have been arrived at after arm's length negotiations between the Purchaser and the Vendors, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In order to assess the fairness and reasonableness of the Consideration, we have attempted to compare the price-to-earnings ratio ("**PE ratio**") and the price-to-book ratio ("**PB ratio**"), both of which are commonly used valuation multiples in assessing value of a company, implied by the Consideration with that of companies (the "**Comparable Companies**") listed on the Stock Exchange which are principally engaged in money lending business in Hong Kong with over 50% of revenue for the latest full financial year was derived from money lending business. To the best of our knowledge and endeavor, we have identified an exhaustive list of 9 Comparable Companies which fulfill the aforementioned selection criteria.

As each of the Comparable Companies has its own unique nature and characteristic in terms of, inter alia, business operation and environment, size, profitability and financial position, the comparison of the PE ratio and the PB ratio between the Comparable Companies and Target Company may not represent an identical comparison. We, however, consider such comparison could be treated as an indication as to the reasonableness and fairness of the Consideration. The relevant details of the Comparable Companies are set forth in Table 5 below:

Table 5: Details of the Comparable Companies

Stock code	Name	Principal activities	Market capitalization as at 29 September 2017 (being the date of the Sale and Purchase Agreement)	Profit attributable to equity holders in the latest full financial year prior to the date of the Sale and Purchase Agreement	Net assets attributable to equity holders based on the latest published financial statements prior to the date of the Sale and Purchase Agreement	PE ratio	PB ratio
				(Note 1)	*(Note 1)*		
			(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(times)*	*(times)*
86	Sun Hung Kai & Co Ltd	Consumer finance, mortgage loans, financial services, investments, and group management and support	10,889,156	1,109,600	21,655,800	9.81	0.50
474	Hao Tian Development Group Ltd	Provide property mortgage loans and personal loans, trading of commodities, trading of futures business, retailing of men's and women's apparels business, and securities investment	1,294,223	(3,078,901)	3,323,989	N/A *(Note 2)*	0.39

Stock code	Name	Principal activities	Market capitalization as at 29 September 2017 (being the date of the Sale and Purchase Agreement)	Profit attributable to equity holders in the latest full financial year prior to the date of the Sale and Purchase Agreement *(Note 1)*	Net assets attributable to equity holders based on the latest published financial statements prior to the date of the Sale and Purchase Agreement *(Note 1)*	PE ratio	PB ratio
			(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(times)*	*(times)*
508	Dingyi Group Investment Ltd	Engage in provision of loan financing, securities trading, financial leasing, operation of restaurants and wine trading	2,734,339	(470,269)	388,547	N/A *(Note 2)*	7.04
723	Sustainable Forest Holdings Ltd	Engage in money lending, sustainable forest management and leasing of properties	400,961	(1,751)	116,480	N/A *(Note 2)*	3.44
1273	Hong Kong Finance Group Ltd	Provide property mortgage loans	352,750	46,299	496,580	7.62	0.71
1319	Oi Wah Pawnshop Credit Holdings Limited	Provide secured financing including mortgage loans and pawn loans	892,742	103,230	738,436	8.65	1.21
1669	Global International Credit Group Ltd	Engage in money lending business including property mortgage loans and personal loans	416,000	76,543	667,765	5.43	0.62
8019	Hao Wen Holdings Ltd	Engage in money lending business, trading of electronic parts, and trading and manufacturing of biomass fuel	103,033	(98,632)	495,211	N/A *(Note 2)*	0.21

Stock code	Name	Principal activities	Market capitalization as at 29 September 2017 (being the date of the Sale and Purchase Agreement)	Profit attributable to equity holders in the latest full financial year prior to the date of the Sale and Purchase Agreement	Net assets attributable to equity holders based on the latest published financial statements prior to the date of the Sale and Purchase Agreement	PE ratio	PB ratio
				(Note 1)	*(Note 1)*		
			(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(times)*	*(times)*
8215	First Credit Finance Group Ltd	Engage in money lending business including secured and unsecured loans	862,880	33,646	968,564	10.79	0.37
					Maximum:	**10.79**	**7.04**
					Minimum:	**5.43**	**0.21**
					Average:	**8.46**	**1.61**
					Median:	**8.65**	**0.62**
			Consideration			**PE ratio**	**PB ratio**
			(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(times)*	*(times)*
The Target Company			378,000	65,314	375,000	5.79	1.01

Sources: *the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies*

Notes:

1. For illustrative purpose, amounts denominated in RMB have been converted to HK$ at a rate of RMB1.000 to HK$1.1739.

2. PE ratio of the relevant Comparable Companies are not available because they recorded loss in their respective latest full financial year.

As set out in Table 5 above, the PE ratios of the Comparable Companies ranged from approximately 5.43 times to approximately 10.79 times with an average of approximately 8.46 times and a median of approximately 8.65 times. The PE ratio implied by the Consideration of approximately 5.79 times falls within the range of the PE ratios of the Comparable Companies and is lower than median and average of the PE ratios of the Comparable Companies.

The PB ratios of the Comparable Companies ranged from approximately 0.21 times to approximately 7.04 times with an average of approximately 1.61 times and a median of approximately 0.62 times. The PB ratio implied by the Consideration of approximately 1.01 time falls within the range of the PB ratios of the Comparable Companies and is lower than the average of the PB ratios of the Comparable Companies but higher than the median of the PB ratios of the Comparable Companies.

In view of the above, in particular, (i) the Consideration was arrived at after arm's length negotiations among the parties to the Sale and Purchase Agreement; (ii) the PE ratio implied by the Consideration of approximately 5.79 times falls within the range of the PE ratios of the Comparable Companies and is lower than median and average of the PE ratios of the Comparable Companies; and (iii) the PB ratio implied by the Consideration of approximately 1.01 times falls within the range of the PB ratios of the Comparable Companies and is lower than the average of the PB ratios of the Comparable Companies, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

(c) Recovery of overdue amounts by the Target Company

Pursuant to the Sale and Purchase Agreement, the Vendors and the Purchaser agreed that the Vendors shall jointly and severally assume all liabilities and obligations to satisfy all claims and demands arising out of and in connection with the Litigation Case.

If any amount is recovered from the Overdue Loan, the Purchaser shall procure the Target Company to refund such amount, after deducting the expenses reasonably incurred by the Target Company in connection with the Litigation Case, to the Vendors without interest within 30 days from the date of receipt of the Judgment Notice (as defined in the Letter from the Board). If the Target Company is unable to recover any amount from the Overdue Loan, the Vendors shall pay to the Target Company all expenses reasonably incurred by the Target Company in connection with the Litigation Case within 30 days from the date of receipt of the Judgment Notice (as defined in the Letter from the Board).

As at the Latest Practicable Date, the Litigation Case was still undergoing. As advised by the Management, provision for impairment loss was made for the Overdue Loan in the principal amount of HK$50,000,000 as at 31 July 2017. In this regard, the net assets of the Target Company as at 31 July 2017 did not include the loans receivable from the Overdue Loan. As the Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms by taking into account the net asset value of the Target Company attributable to the Sale Shares (i.e. HK$375,000,000 as a 31 July 2017), it is fair that the Target Company shall refund any recoverable amount from the Overdue Loan (net of expenses incurred by the Company) to the Vendors.

C. Promissory Notes

Set out below are the principal terms of the Promissory Notes:

Issuer:	the Company
Payees:	the Vendors
Principal amount:	HK$378,000,000 as to (a) HK$143,640,000 to Vendor A (or its nominee); (b) HK$219,240,000 to Vendor B (or its nominee); and (c) HK$15,120,000 to Vendor C (or its nominee) respectively
Interest:	7% per annum payable semi-annually in arrears
Maturity:	the date falling on the third anniversary from the date of issue (the "**PN Maturity Date**")
Transferability:	The Promissory Notes may, with five (5) business days' prior notice in writing to the Company of the relevant payee's intention to transfer or assign the Promissory Notes, be freely transferable and assignable by such payee to any other person and any subsequent holder of the Promissory Notes will (except as otherwise required by law) be treated as the absolute owner of the Promissory Notes for all purposes.
Redemption:	Provided that the Company has given to the payee not less than ten (10) Business Days' prior notice in writing, the Company shall have the right at any time prior to the PN Maturity Date redeem any part the outstanding principal amount of Promissory Notes in whole or in part (in multiples of HK$1,000,000).

In order to assess the fairness and reasonableness of the Promissory Notes, we have identified issue of promissory notes with maturity of three to five years by companies listed on the Stock Exchange during the six-month period immediately prior to the date of the Sale and Purchase Agreement (i.e. 29 September 2017).

To the best of our knowledge and as far as we are aware of, we have identified a list of 7 transactions which met the said criteria (the "**Comparable Issues**"). As the capital market changes rapidly, we consider that a review period of six months is appropriate to capture the recent market practice in respect of the issue of promissory notes by companies listed on the Stock Exchange under the current market condition and sentiment. In addition, the maturity of three to five years is more comparable to that of the Promissory Notes.

As each of the issuers of the relevant Comparable Issues has its own unique nature and size in terms of, inter alia, business operation and environment, size, market capitalization and financial position, the comparison of the terms between the Comparable Issues and the Promissory Notes may not represent an identical comparison. We, however, still consider such comparison could be treated as additional information to the Independent Shareholders to assess the reasonableness and fairness of the terms of the Promissory Notes. Details of the Comparable Issues are set out in Table 6 below:

Table 6: Details of the Comparable Issues

Date of announcement	**Company name**	**Stock code**	**Principal amount** *(HK$ million)*	**Maturity** *(number of year)*	**Interest rate per annum** *(%)*
28/9/2017 *(Note 1)*	Rentian Technology Holdings Limited	885	8.00	4.0	6.0
28/9/2017 *(Note 1)*	Rentian Technology Holdings Limited	885	1.50	5.0	6.0
15/9/2017	RM Group Holdings Limited	932	180.0	5.0	8.0
1/9/2017	GT Group Holdings Limited	263	196.0	3.0	8.0
8/5/2017	ShiFang Holding Limited	1831	100.0	3.0	5.5
28/4/2017	China Fortune Investments (Holding) Limited	8116	100.0	3.0	6.0
19/4/2017	Asia Resources Holdings Limited	899	273.0	3.0	8.0 *(Note 2)*
			Maximum		**8.0**
			Minimum		**5.5**
			Median		**6.0**
			Average		**6.8**
			The Promissory Notes	**3.0**	**7.0**

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Pursuant to the Interim Report 2017 published by Rentian Technology Holdings Limited (stock code: 885) on 28 September 2017, the promissory notes were issued during the six months ended 30 June 2017.

2. Pursuant to the announcement of Asia Resources Holdings Limited (stock code: 899) dated 19 April 2017, the promissory note will be interest-free for the first three months from the date of issue and interest at the rate of 8% per annum shall be accrued thereafter up to the maturity date of the promissory note. For analysis purpose, the interest rate of the aforementioned promissory note was considered as 8% per annum.

(i) Interest Rate

As shown in Table 6 above, the interest rates of the Comparable Issues ranged from 5.5% to 8.0%, with a median of approximately 6.0% and an average of approximately 6.8%. The interest rate of the Promissory Notes of 7% per annum falls within the range of interest rates of the Comparable Issues and is slightly higher than the median and average of those of the Comparable Issues.

In addition, we note that the loans advanced by the Target Company to the Group from March 2017 to July 2017 in the aggregate amount of HK$139 million bears interest rate of 8% p.a., which is higher that the interest rate of the Promissory Notes. In view of the above, we are of the view that the interest rate of the Promissory Notes is fair and reasonable.

(ii) Early redemption

According to the terms of the Promissory Notes, the Company may in its sole discretion, with not less than (10) ten Business Days' prior written notice, elect to repay all or any part of the outstanding principal amount of the Promissory Notes in whole or in part (in multiples of HK$1,000,000) at any time prior to the PN Maturity Date. On the contrary, the holder(s) of the Promissory Notes could not request the Company to redeem the outstanding Promissory Notes at any time prior to the PN Maturity Date.

We consider that such mechanism provides flexibility to the Company to redeem the outstanding amount of the Promissory Notes at its sole discretion after taking into account the then financial and cash position of the Group, without penalty, so as to reduce the interest payment otherwise resulting from the outstanding Promissory Notes. Accordingly, we are of the view that the early redemption mechanism of the Promissory Notes is in the interests of the Company and the Shareholders as a whole.

(iii) Conclusion

In view of the above, and in particular the facts that:

(i) the interest rate of the Promissory Notes falls within the range of interest rates of the Comparable Issues;

(ii) the interest rate of the Promissory Notes is 1% lower than the interest rate of the loans advanced by the Target Company to the Group from March 2017 to July 2017 in the aggregate amount of HK$139 million; and

(iii) the Company may, in its sole discretion, elect to repay all or any part of the amount outstanding under the Promissory Notes at any time prior to the PN Maturity Date without penalty, we consider that the terms of the Promissory Notes are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the Acquisition

Based on the pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, the Acquisition will have the following financial effects on the Group after Completion:

A. Effect on earnings

Following the Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Group will be able to consolidate revenue and costs from the Target Company. The audited loss attributable to the owners of the Company from continuing operations for FY2017 as extracted from 2017 Annual Report was approximately HK$85.4 million. Based on the accountant's report of the Target Company as set out in Appendix II to the Circular, the Target Company recorded profit of approximately HK$65.3 million in FY2017. According to the unaudited pro forma financial information of the Enlarged Group as set in Appendix III to the Circular, as if the Acquisition had been completed on 1 April 2016, the pro forma loss of the Enlarged Group attributable to the owners of the Company would have been approximately HK$22.5 million in FY2017.

However, the Promissory Notes bear an interest of 7% p.a. and therefore the Group will have an additional interest expense of approximately HK$26.5 million for each of the three years after the issuance.

B. Effect on assets, liabilities and net assets

The audited consolidated total assets, total liabilities and net liabilities of the Group as at 31 March 2017, as extracted from the 2017 Annual Report, were approximately HK$560.3 million, HK$565.6 million and HK$5.4 million, respectively. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, assuming Completion had taken place on 31 March 2017, the pro forma total assets, total liabilities and net liabilities of the Enlarged Group would have been increased to approximately HK$1,045.7 million, HK$1,053.6 million and HK$7.9 million, respectively.

C. Effect on working capital

The audited consolidated cash and cash equivalents of the Group as at 31 March 2017, as extracted from the 2017 Annual Report, were approximately HK$61.9 million. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, assuming Completion had taken place on 31 March 2017, the pro forma cash and cash equivalents of the Enlarged Group would have been increased to approximately HK$209.3 million.

As at the Latest Practicable Date, the Group borrowed a total of HK$247 million from the Target Company. After Completion, such loan amount will be eliminated in the consolidated financial statements of the Enlarged Group.

OPINION

Having taken into account the above principal factors and reasons, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution at the EGM to approve the Acquisition.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan **Rebecca Mak**
Managing Director *Director*

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under SFO since 2011 and has participated in and completed various independent financial advisory transactions.

1. FINANCIAL SUMMARY

Financial information on the Group for (i) each of the three years ended 31 March 2015, 2016 and 2017; (ii) the three months ended 30 June 2017; and (iii) the six months ended 30 September 2017 are set out in (i) the annual reports of the Group for the years ended 31 March 2015 (pages 29 to 111), 2016 (pages 37 to 135) and 2017 (pages 50 to 151); and (ii) the first quarterly report of the Group for the three months ended 30 June 2017 (pages 3 to 6); and (iii) the interim report of the Group for the six months ended 30 September 2017 (pages 3 to 18), respectively.

The said annual reports and quarterly report are published on both the GEM website (www.hkgem.com) and the website of the Company (www.sun8029.com).

Please refer to the hyperlinks as sated below.

2015 annual report

http://www.hkexnews.hk/listedco/listconews/GEM/2015/0629/GLN20150629103.pdf

2016 annual report

http://www.hkexnews.hk/listedco/listconews/GEM/2016/0629/GLN20160629079.pdf

2017 annual report

http://www.hkexnews.hk/listedco/listconews/GEM/2017/0630/GLN20170630175.pdf

2017 first quarterly report

http://www.hkexnews.hk/listedco/listconews/GEM/2017/0810/GLN20170810093.pdf

2017 Interim report

http://www.hkexnews.hk/listedco/listconews/GEM/2017/1114/GLN20171114277.pdf

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2017, being the latest practicable date prior to the printing of this circular and for the purpose of ascertaining the information contained in this statement of indebtedness, the Enlarged Group had outstanding unsecured and unguaranteed borrowings of approximately HK$194 million, including (i) interest bearing promissory note HK$118 million; and (ii) interest bearing medium-term bonds of HK$36 million; and (iii) interest bearing medium-term borrowings of HK$40 million.

There were interest bearing medium-term borrowings of HK$247 million due to the Target Company eliminated from the above-mentioned borrowings.

There were unutilised facilities of HK$100 million as at 31 October 2017, which guaranteed the Enlarged Group has sufficient financial resources to meet the requirement of short-term working capital up to 15 May 2018.

Contingent liabilities

No contingent liabilities were made for the Enlarged Group as at close of business on 31 October 2017.

Disclaimers

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business at the close of business on 31 October 2017, the Enlarged Group did not have any outstanding loan capital, debt securities and term loan issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that after taking into account the expected completion of the Acquisition and the financial resources available to the Enlarged Group, including the internally generated funds and the available facilities provided by Guarantor A, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the financial services business and equine services business. Although the economic outlook in Hong Kong has remained modest with elevated risk of slowdown in economic growth as well as higher volatility in the financial markets, this economic environment presents both opportunities and challenges for the financial services segment. The Directors are of the view that the continuous liberalisation 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.

The Target Company is principally engaged in the business of money lending in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) by providing large loans in the range of HK$200,000 to HK$200 million and small loans in the range of HK$3,000 to HK$75,000 to both individual and corporate clients. The major sources of customers include loans to individuals holding HKID and foreign domestic workers from the Philippines with respect to our small loans; and loans to listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges with respect to large loans.

The Directors (including the non-executive Directors whose views have been expressed in the letter from the Independent Board Committee) believe that the business of the Target Company is consistent with the principal business of the Group and the Acquisition will further diversify and strengthen the financial services of the Enlarged Group by expanding the loan portfolio. Accordingly, the Enlarged Group is expected to continue to use its endeavour to capture favourable development opportunities in the market so as to enhance the Enlarged Group's return to the Shareholders.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, Andes Glacier CPA Limited.

Andes Glacier CPA Limited

Certified Public Accountants

思捷會計師行有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SUN FINANCE COMPANY LIMITED TO THE DIRECTORS OF SUN INTERNATIONAL GROUP LIMITED

Introduction

We report on the historical financial information of Sun Finance Company Limited (the "Target Company") set out on pages II-4 to II-29, which comprises the statements of financial position as at 31 March 2015, 2016 and 2017 and 31 July 2017 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the year ended 31 March 2015, 2016 and 2017 and four months ended 31 July 2016 and 2017 then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-29 forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Sun International Group Limited (the "Company") dated 30 September 2017 (the "Investment Circular") in connection with the proposed acquisition of the entire interest in the Target Company by the Company (the "Proposed Transaction").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 March 2015, 2016 and 2017 and 31 July 2017 and of the Target Company's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises statements of profit or loss and other comprehensive income, changes in equity and cash flows for the four months ended 31 July 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Historical Financial Statements have been made.

Dividends

We refer to note 20 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Track Record Period.

Andes Glacier CPA Limited
Certified Public Accountants
Hsu Yuk King, Mercedes
Practising Certificate Number: P03548

Hong Kong, 22 December 2017

A. FINANCIAL INFORMATION OF THE TARGET COMPANY

Statement of profit or loss and other comprehensive income

		Year ended 31 March			Four months ended 31 July	
		2015	2016	2017	2016	2017
	Note	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Revenue	*6*	122,481,060	79,983,025	96,731,096	41,828,449	22,320,361
Other revenue	*6*	7,811	105,077	35,904	7,032	5,983
Administrative expenses		(10,725,094)	(34,746,144)	(10,394,729)	(2,883,922)	(5,237,462)
Profit from operations		111,763,777	45,341,958	86,372,271	38,951,559	17,088,882
Finance costs	*7*	–	(1,331,506)	(8,150,547)	(7,111,233)	–
Profit before taxation	*8*	111,763,777	44,010,452	78,221,724	31,840,326	17,088,882
Income tax expense	*10*	(18,483,999)	(7,318,812)	(12,907,649)	(5,253,654)	(3,256,267)
Profit and total comprehensive income for the year/period		93,279,778	36,691,640	65,314,075	26,586,672	13,832,615
DIVIDENDS						
INTERIM DIVIDEND	*20*	–	–	–	–	453,249,296

Statement of financial position

		31 March			31 July
		2015	**2016**	**2017**	**2017**
	Note	*HK$*	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS					
Property, plant and equipment	*11*	989,365	423,798	208,917	167,387
Deferred tax assets	*10*	8,250,000	–	–	–
		9,239,365	423,798	208,917	167,387
CURRENT ASSETS					
Loans and advances receivable	*12*	454,776,826	514,155,947	247,548,550	348,188,237
Deposits, prepayments and other receivables		1,131,638	1,526,834	1,626,354	1,658,212
Amounts due from shareholders and holding company	*13*	247,319,868	330,142,531	342,610,360	–
Cash and cash equivalents	*14*	10,883,605	49,378,020	229,861,169	147,413,853
Tax repayable		–	6,559,187	–	–
		714,111,937	901,762,519	821,646,433	497,260,302
CURRENT LIABILITIES					
Promissory notes and related interest payable	*15*	–	151,331,506	–	–
Receipts in advance, accruals and other payables		137,963	1,752,205	1,869,832	1,115,624
Dividend payable		–	–	–	112,486,961
Tax payable		10,802,373	–	5,568,837	8,825,104
		10,940,336	153,083,711	7,438,669	122,427,689
NET CURRENT ASSETS		703,171,601	748,678,808	814,207,764	374,832,613
NET ASSETS		712,410,966	749,102,606	814,416,681	375,000,000
CAPITAL AND RESERVES					
Share capital	*17*	375,000,000	375,000,000	375,000,000	375,000,000
Retained profits		337,410,966	374,102,606	439,416,681	–
SHAREHOLDERS' EQUITY		712,410,966	749,102,606	814,416,681	375,000,000

Statement of changes in equity

	Share capital *HK$*	**Retained profits** *HK$*	**Total** *HK$*
At 31 March 2014 and 1 April 2014	375,000,000	244,131,188	619,131,188
Total comprehensive income for the year	–	93,279,778	93,279,778
At 31 March 2015 and 1 April 2015	375,000,000	337,410,966	712,410,966
Total comprehensive income for the year	–	36,691,640	36,691,640
At 31 March 2016 and 1 April 2016	375,000,000	374,102,606	749,102,606
Total comprehensive income for the year	–	65,314,075	65,314,075
At 31 March 2017 and 1 April 2017	375,000,000	439,416,681	814,416,681
Total comprehensive income for the period	–	13,832,615	13,832,615
Interim dividend paid	–	(453,249,296)	(453,249,296)
At 31 July 2017	375,000,000	–	375,000,000
At 31 March 2016 and 1 April 2016	375,000,000	374,102,606	749,102,606
Total comprehensive income for the period	–	26,586,672	26,586,672
At 31 July 2016 (unaudited)	375,000,000	400,689,278	775,689,278

Statement of cash flows

		Year ended 31 March			Four months ended 31 July	
		2015	**2016**	**2017**	**2016**	**2017**
	Note	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation		111,763,777	44,010,452	78,221,724	31,840,326	17,088,882
Bank interest income		(65)	(424)	(1,027)	(157)	(2,253)
Finance costs		–	1,331,506	8,150,547	7,111,233	–
Loss on disposal of property, plant and equipment		93,126	310,791	–	–	–
Depreciation		459,887	291,827	237,241	102,710	41,530
Provision for impairment loss on loans and advances receivable		–	17,082,186	49,309	128,304	49,370
Written off on loans and advances receivable		–	10,121,229	232,217	–	2,666,793
Operating profit before changes in working capital		112,316,725	73,147,567	86,890,011	39,182,416	19,844,322
Decrease/(increase) on loans and advances receivable		31,865,552	(86,582,536)	266,325,871	114,041,235	(103,355,850)
Decrease/(increase) in deposits, prepayments and other receivables		253,419	(395,196)	(99,520)	(62,237)	(31,858)
(Decrease) in receipts in advance, accruals and other payables		(10,259,585)	1,614,242	117,627	31,041	(754,208)
Cash generated from/(used in) operations		134,176,111	(12,215,923)	353,233,989	153,192,455	(84,297,594)
Profits tax paid		(31,501,000)	(16,430,372)	(779,625)	(4,626,000)	–
Net cash generated from/(used in) operating activities		102,675,111	(28,646,295)	352,454,364	148,566,455	(84,297,594)

Statement of cash flows (Continued)

		Year ended 31 March			Four months ended 31 July	
		2015	2016	2017	2016	2017
	Note	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Bank interest received		65	424	1,027	157	2,253
Proceeds from disposal of property, plant and equipment		3,700	–	–	–	–
Purchase of property, plant and equipment		(41,720)	(37,051)	(22,360)	(1,982)	–
Net cash (used in)/generated from investing activities		(37,955)	(36,627)	(21,333)	(1,825)	2,253
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue/(Repayment) of promissory note		–	150,000,000	(151,331,506)	(60,355,068)	–
Fund transfer (from)/to shareholders		(117,320,873)	(82,822,663)	(12,467,829)	(4,009,825)	342,610,360
Dividend paid		–	–	–	–	(340,762,335)
Interest paid		–	–	(8,150,547)	(7,111,233)	–
Net cash (used in)/generated from financing activities		(117,320,873)	67,177,337	(171,949,882)	(71,476,126)	1,848,025
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,683,717)	38,494,415	180,483,149	77,088,504	(82,447,316)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		25,567,322	10,883,605	49,378,020	49,378,020	229,861,169
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	*14*	10,883,605	49,378,020	229,861,169	126,466,524	147,413,853

B. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company as defined in the report which is part of accountants' report is a limited company incorporated in Hong Kong on 24th November, 2004 under the Hong Kong Companies Ordinance. Its registered office is located at Unit 01A, 11/F., Ginza Square, 565–567 Nathan Road, Kowloon, Hong Kong. The principal activity of the Target Company is money lending.

In the opinion of the directors, its ultimate holding company is Sun International Group Limited ("the Company"), a company incorporated in the Cayman Island with limited liability, the shares of which are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

The Historical Financial Information of the Target Company is presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Historical Financial Information has been prepared in accordance with HKFRSs (which also includes Hong Kong Accounting Standard ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance concerning the preparation of financial statements.

The Historical Financial Information of the Target Company has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these Historical Financial Information are disclosed in note 5 to the Historical Financial Information.

b) Property, plant and equipment

Property, plant and equipment including tangible assets held for use in the production or supply of goods or services, or for administrative purposes are stated at cost and impairment losses.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the profit or loss during the Relevant Period in which they are incurred.

Depreciation is recognised so as to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Leasehold improvement	4% per annum
Furniture and fixtures	20% per annum
Computer	20% per annum
Office equipment	20% per annum
Motor vehicle	20% per annum

The assets' estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss and other comprehensive income.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'loans and receivables', 'financial assets at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, and 'available-for-sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loans and advances receivable, deposits and prepayments, cash and cash equivalents and amounts due from shareholders and holding companies) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as loan and advances receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances receivable, where the carrying amount is reduced through the use of an allowance account. When a loan and advance receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Target Company derecognises a financial asset when the contractual rights to the cash flows from the asset expired or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Target Company retains an option to repurchase part of a transferred asset), the Target Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including receipts in advance, accruals and other payables and tax payable) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

e) Impairment of non-financial assets

At the end of the reporting period, the Target Company reviews internal and external sources of information to determine whether its assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

f) Provisions

Provisions are recognised when the Target Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts and returns.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Target Company and the revenue and costs, if applicable, can be measured reliably, as follows:

(i) Interest income

Interest income (including the administration fees that are an integral part of the effective interest rate, as the case may be) from financing service and financial asset is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life to the financial asset to that asset's net carrying amount on initial recognition.

(h) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

j) Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

k) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong and Superannuation Guarantee Contribution Scheme ("SGC Scheme") in Australia are recognised as an expense when employees have rendered services entitling them to the contributions.

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the report date, regardless of when the actual settlement is expected to occur.

l) Related parties

(A) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

(B) An entity is related to the Target Company if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in note (A).

(vii) A person identified in note (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

(viii) The Target Company, or any member of a group of which it is a part, provides key management personnel services to the Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Target Company's activities expose it to a variety of financial risks: foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Target Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Target Company's exposure to change in interest rate is minimal as the Target Company had no material fixed rate financial liabilities as at 31 March, 2015, 2016, 2017 and the four months ended 31 July, 2017.

The Target Company's income and operating cash flows are substantially independent of changes in market interest rates. The Target Company does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

As at 31 March, 2015, 2016, 2017 and four months ended 31 July, 2017, a reasonably possible change of 50 basis-points interest rates on borrowing would have no material impact of the Target Company's results for the reporting periods.

(b) Credit risk

The carrying amounts of loan and advances receivable, amounts due from shareholders and holding companies and deposits and prepayments included in the statement of financial position represent the Target Company's maximum exposure to credit risk in relation to its financial assets.

Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.

The Target Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Target Company has significant exposure to individual customers. 13.83%, 39.44%, 15.96% and 40.35% of the total loan and advances receivables as at 31 March 2015, 2016, 2017 and 31 July 2017 was due from the Target Company's largest customer respectively and 62.55%, 83.28%, 73.98% and 78.60% of the total loan and advances receivables as at 31 March 2015, 2016, 2017 and 31 July 2017 was due from the Target Company's five largest customers respectively.

The credit risk for bank balances is considered by the Target Company to be minimal as such amounts are generally placed with banks with good ratings. At 31 July, 2017, the Target Company had no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each.

(c) Liquidity risk

The Target Company manages to maintain its liquidity position at a prudent and adequate liquidity level. The directors monitor the cash flows daily to ensure sufficient funds available.

The maturity profile of the financial liabilities of the Target Company at the reporting date based on contractual undiscounted payments is summarised below:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total carrying amount**
	HK$	*HK$*	*HK$*	*HK$*
31 March, 2015				
Non-derivative financial liabilities				
Receipts in advance, accruals and other payables	137,963	–	–	137,963
	137,963	–	–	137,963
31 March, 2016				
Non-derivative financial liabilities				
Promissory notes	151,331,506	–	–	151,331,506
Receipts in advance, accruals and other payables	1,752,205	–	–	1,752,205
	153,083,711	–	–	153,083,711

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total carrying amount
	HK$	*HK$*	*HK$*	*HK$*
31 March, 2017				
Non-derivative financial liabilities				
Receipts in advance, accruals and other payables	1,869,832	–	–	1,869,832
	1,869,832	–	–	1,869,832
31 July, 2017				
Non-derivative financial liabilities				
Receipts in advance, accruals and other payables	1,115,624	–	–	1,115,624
Dividend payable	112,486,961	–	–	112,486,961
	113,602,585	–	–	113,602,585

4. CAPITAL MANAGEMENT

The primary objective of the Target Company's capital management is to safeguard the Target Company's ability to continue as a going concern in order to support the Target Company's growth and maximise members' value. The Target Company's overall strategy remains unchanged from 2015. The capital structure of the Target Company consists of net debt and equity of the Target Company. The Target Company is not subject to any externally imposed capital requirements.

The Target Company monitors capital using a gearing ratio, which is total borrowings divided by the total members' equity. The Target Company's policy is to maintain the gearing ratio at a reasonable level. As at the end of the reporting period, the Target Company had no bank borrowings resulting in zero gearing ratio (31 March 2015, 2016 and 2017: zero gearing ratio).

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Property, plant and equipment and depreciation

The Target Company determines the estimated useful lives and related depreciation charges for the Target Company's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Target Company will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Income taxes and deferred tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised to be probable that future taxable profit will be available against which the temporary difference or tax losses can be utilised. The outcome of their actual utilisation may be different.

At 31 July 2017, there is no deferred tax assets recognised (31 March 2015, 2016 and 2017: HK$ Nil) in the statement of financial position. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such a reversal takes place.

c) Impairment loss on loans and advances receivable

The provision for impairment loss on loans and advances receivable of the Target Company is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors of the Target Company were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. At 31 July 2017, the carrying amounts of loans and advances receivable after provision for impairment amounted to HK$348,188,237 (31 March 2017: HK$247,548,550, 31 March 2016: HK$514,155,947 and 31 March 2015: HK$454,776,826).

6. REVENUE AND OTHER REVENUE

	For the year ended 31 March			Four months ended 31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Revenue					
Interest received and receivable from loans and advances	122,481,060	79,983,025	96,731,096	41,828,449	22,320,361
Other revenue					
Bank interest income	65	424	1,027	157	2,253
Bad debts recovered *(note 12)*	7,746	104,653	34,877	6,875	3,730
	7,811	105,077	35,904	7,032	5,983
	122,488,871	80,088,102	96,767,000	41,835,481	22,326,344

7. FINANCE COSTS

	For the year ended 31 March			Four months ended 31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Interest expenses from promissory note	–	1,331,506	8,150,547	7,111,233	–

8. PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging the following items:

	For the year ended 31 March			Four months ended 31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Auditors' remuneration	130,000	126,000	122,000	–	–
Depreciation	459,887	291,827	237,241	102,710	41,530
Provision for bad debts *(note 12)*	236,837	27,203,415	281,526	128,304	2,716,163
Loss on scrap of property, plant and equipment	93,126	310,791	–	–	–
Operating lease charges in respect of premises	2,277,512	1,283,610	1,377,297	459,022	469,152
Staff costs excluding directors' remuneration	3,122,473	2,177,104	1,693,321	502,843	491,909
Mandatory Provident Fund contributions	132,147	97,036	87,702	21,808	27,145

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

a) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383(1) of Hong Kong Companies Ordinance are as follows:

	Fee	Salaries and other allowance	Retirement benefit scheme contribution	Share-based payment	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
For the year ended 31 March 2015					
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
Cheng Mei Ching	–	–	–	–	–
Lee Chi Shing, Caesar*	–	1,480,404	17,500	–	1,497,904
Yeung So Lai*	–	–	–	–	–
	–	1,480,404	17,500	–	1,497,904

	Fee	Salaries and other allowance	Retirement benefit scheme contribution	Share-based payment	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
For the year ended 31 March 2016					
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
Cheng Mei Ching**	–	–	–	–	–
To Hoi Man#	–	158,032	8,318	–	166,350
	–	158,032	8,318	–	166,350
For the year ended 31 March 2017					
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
To Hoi Man	–	436,150	18,000	–	454,150
	–	436,150	18,000	–	454,150
For the four months ended 31 July 2016 (unaudited)					
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
To Hoi Man	–	118,000	6,000	–	124,000
	–	118,000	6,000	–	124,000
For the four months ended 31 July 2017					
Chau Cheok Wa	–	–	–	–	–
Cheng Ting Kong	–	–	–	–	–
To Hoi Man	–	124,200	6,000	–	130,200
	–	124,200	6,000	–	130,200

* Resigned on 31 March 2015
** Resigned on 13 November 2015
# Appointed on 13 November 2015

No director waived any emoluments during the Track Record Period.

b) Employees' emoluments

Of the five individual with the highest emoluments in the Target Company, one (31 March 2015, 2016 and 2017 and 31 July 2016: one) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining four (31 March 2015, 2016 and 2017 and 31 July 2016: four) individuals were as follows:

	For the year ended 31 March			**Four months ended 31 July**	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Salaries and other benefits	1,658,784	1,005,520	1,140,714	336,963	340,889
Retirement benefit scheme contributions	61,738	35,848	44,286	14,577	14,310
	1,720,522	1,041,368	1,185,000	351,540	355,199

The emoluments were within the following bands:

	For the year ended 31 March			**Four months ended 31 July**	
	2015	**2016**	**2017**	**2016**	**2017**
Nil-HK$1,000,000	–	–	–	–	–
HK$1,000,001–HK$2,000,000	–	–	–	–	–
	–	–	–	–	–

During the years/period ended 31 March 2015, 2016 and 2017 and 31 July 2016 and 2017, no emoluments were paid by the Target Company to the five highest paid individuals, including directors, as an inducement to join or upon joining the Target Company.

10. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period.

The amount of income tax expense charged to the statement of profit or loss and other comprehensive income represents:

	For the year ended 31 March			**Four months ended 31 July**	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Current tax:					
Profits tax for the year	18,483,999	7,318,812	12,907,649	5,253,654	3,256,267

The taxation on the Company's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	For the year ended 31 March			Four months ended 31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Profit before taxation	111,763,777	44,010,452	78,221,724	31,840,326	17,088,882
Taxation at Hong Kong Profits Tax rate of 16.5%	18,441,023	7,261,725	12,906,584	5,253,654	2,819,666
Tax effect of income not taxable in determining taxable profit	(11)	(70)	(169)	(26)	(372)
Tax effect of expenses not deductible for tax purposes	158	–	–	–	–
Tax effect of unrecognised temporary differences	62,829	77,157	21,234	26	436,973
Tax reduction	(20,000)	(20,000)	(20,000)	–	–
Taxation charge	18,483,999	7,318,812	12,907,649	5,253,654	3,256,267

Major components of deferred tax assets are as follows:

	31 March			31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Provision for impairment loss on loans and advances receivable	8,250,000	–	–	–	–

Movement in the deferred tax assets represent the following:

	31 March			31 July	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
At beginning and the end	8,250,000	8,250,000	–	–	–
Recognised for the year	–	(8,250,000)	–	–	–
At the end of the reporting period	8,250,000	–	–	–	–
Amount expected to be recovered after more than 12 months	8,250,000	–	–	–	–

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Furniture and fixtures HK$	Computer HK$	Office equipment HK$	Motor vehicle HK$	Total HK$
Cost						
At 31 March 2014 and 1 April 2014	392,580	1,162,053	648,189	177,807	745,747	3,126,376
Additions	–	–	41,720	–	–	41,720
Disposal	(60,060)	(51,340)	(50,270)	(40,320)	–	(201,990)
At 31 March 2015 and 1 April 2015	332,520	1,110,713	639,639	137,487	745,747	2,966,106
Additions	–	–	7,590	29,461	–	37,051
Disposal	(209,520)	(175,599)	(69,460)	(62,808)	–	(517,387)
At 31 March 2016 and 1 April 2016	123,000	935,114	577,769	104,140	745,747	2,485,770
Additions	–	–	–	22,360	–	22,360
At 31 March 2017 and 31 July 2017	123,000	935,114	577,769	126,500	745,747	2,508,130
Accumulated depreciation						
At 31 March 2014 and 1 April 2014	31,459	750,384	479,620	87,115	273,440	1,622,018
Charge for the year	14,502	211,310	59,485	25,441	149,149	459,887
Written back on disposal	(8,608)	(35,825)	(32,055)	(28,676)	–	(105,164)
At 31 March 2015 and 1 April 2015	37,353	925,869	507,050	83,880	422,589	1,976,741
Charge for the year	4,920	86,887	37,906	12,964	149,150	291,827
Written back on disposal	(20,952)	(110,981)	(41,128)	(33,535)	–	(206,596)
At 31 March 2016 and 1 April 2016	21,321	901,775	503,828	63,309	571,739	2,061,972
Charge for the year	4,920	33,339	33,722	16,111	149,149	237,241
At 31 March 2017 and 1 April 2017	26,241	935,114	537,550	79,420	720,888	2,299,213
Charge for the period	1,640	–	8,968	6,063	24,859	41,530
At 31 July 2017	27,881	935,114	546,518	85,483	745,747	2,340,743
Net book value						
At 31 March 2015	295,167	184,844	132,589	53,607	323,158	989,365
At 31 March 2016	101,679	33,339	73,941	40,831	174,008	423,798
At 31 March 2017	96,759	–	40,219	47,080	24,859	208,917
At 31 July 2017	95,119	–	31,251	41,017	–	167,387

12. LOANS AND ADVANCES RECEIVABLE

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Loans and advances	458,582,641	570,623,756	289,363,663	384,643,052
Interest receivables	46,280,330	10,614,377	8,234,196	13,594,555
Less: Provision for impairment loss	(50,086,145)	(67,082,186)	(50,049,309)	(50,049,370)
	454,776,826	514,155,947	247,548,550	348,188,237

Borrowing clients are obliged to settle the amounts according to the terms set out in relevant loan contracts. Fixed interest rates are offered based on the assessment of a number of factors including the borrowing clients' creditworthiness and repayment ability, collaterals as well as the general economic trends. The loans and advances charged interests, before overdue interest, late charges and administrative charges, at effective interest rates ranging from 5% to 48% per annum throughout the year ended 31 July 2017 (31 March 2015, 2016 and 2017: 5% to 48% per annum).

Interest receivable represented accrued interests arisen from loans and advances, which are repayable in accordance with the repayment schedules.

The directors of the Target Company consider that the carrying amounts as at 31 July 2017 approximate to their fair values and denominated in Hong Kong Dollars.

Ageing analysis of the Target Company's loans and advances receivable is as follows:

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Current	408,582,641	400,126,743	240,511,733	282,883,493
Overdue:				
0 to 90 days	6,330,940	3,281,465	2,898,484	3,851,773
91 to 120 days	8,814	215,803	29,240	–
Over 120 days	89,940,576	177,614,122	54,158,402	111,502,341
	504,862,971	581,238,133	297,597,859	398,237,607
Less: Provision for impairment loss	(50,086,145)	(67,082,186)	(50,049,309)	(50,049,370)
	454,776,826	514,155,947	247,548,550	348,188,237

Loans and advances receivable that were neither past due nor impaired related to a wide range of borrowing clients for whom there was no recent history of default.

Loans and advances receivable that were past due but not impaired relate to borrowing clients that have good track record with the Target Company. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the borrowing clients/ the party who provided guarantees/ undertaking and/ or fair value of the collaterals obtained and the balances are still considered fully recoverable.

Impairment loss in respect of loans and advances receivable are recorded through allowance account unless the Target Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loans and advances receivable directly. Movements in provision for impairment loss on loans and advances receivable are as follows:

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
At the beginning of reporting period	50,136,644	50,086,145	67,082,186	50,049,309
Provision for bad debts recognized	236,837	27,203,415	281,526	2,716,163
Amount recovered	(7,746)	(104,653)	(34,877)	(3,730)
Amount written off	(279,590)	(10,102,721)	(17,279,526)	(2,712,372)
At the end of reporting period	50,086,145	67,082,186	50,049,309	50,049,370

13. AMOUNTS DUE FROM SHAREHOLDERS AND HOLDING COMPANY

Details of amount due from holding company disclosed pursuant to Section 383(1) of the Companies Ordinance are set out below:

	Maximum amount outstanding during the year	31 March			31 July
Name of holding company	*HK$*	**2015** *HK$*	**2016** *HK$*	**2017** *HK$*	**2017** *HK$*
Eminent Crest Limited	171,245,123	123,637,027	165,034,008	171,245,123	–
Peak Stand Holdings Limited	171,245,123	123,637,027	165,034,008	171,245,123	–
Chau's Holdings Company Limited	33,100	15,100	23,200	33,100	–
Sheen Light Holdings Limited	33,500	14,900	24,100	33,500	–
Cheng Family Investment Holdings Company Limited	26,700	8,100	17,300	26,700	–
Bravo Profit Holdings Limited	26,814	7,714	9,914	26,814	–
		247,319,868	330,142,530	342,610,360	–

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Cash and bank balances	10,883,605	49,378,020	229,861,169	147,413,853

The carrying amounts of cash and bank balances are denominated in the following currencies:

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
HKD	10,883,250	49,378,015	229,861,164	147,413,848
RMB	355	5	5	5
	10,883,605	49,378,020	229,861,169	147,413,853

15. PROMISSORY NOTE AND RELATED INTEREST PAYABLE

On 10 March 2016 and 16 March 2016, the Target Company issued the promissory notes of HK$90,000,000 and HK$60,000,000 to related party respectively. The promissory notes are unsecured with interest bearing of 18% and may be assigned or transferred to any third party. The whole amount of HK$150,000,000 together with the interest expenses of HK$9,482,053 were repaid on 25 May 2016 and 25 August 2016. The directors of the Target Company consider that carrying amount as at 31 March 2017 approximates to its fair value and denominated in Hong Kong Dollars.

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	–	151,331,506	–	–
In the second to fifth years inclusive	–	–	–	–
Later than five years	–	–	–	–
	–	151,331,506	–	–

16. COMMITMENT UNDER OPERATING LEASES

The Company has future aggregate minimum leases payment under non-cancellable operating leases payable in the following periods:

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Lease which expires:				
Within one year	1,166,146	1,086,150	1,293,408	1,130,536
In the second to fifth years inclusive	54,253	–	55,692	303,200
Later than five years	–	–	–	–
	1,220,399	1,086,150	1,349,100	1,433,736

17. SHARE CAPITAL

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Issued and fully paid:				
375,000,000 ordinary shares of HK$1 each	375,000,000	375,000,000	375,000,000	375,000,000

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these Historical Financial Information, the Target Company had the following transactions with its related parties during the Track Record Period:

a) Balances with related parties

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Included in loan and advances receivable				
– Amount due from a related Company which is controlled by Mr. Cheng Ting Kong	–	–	15,095,342	140,481,643

b) Transaction with related parties

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Included in promissory notes				
– Amount due to a related party which is controlled by Mr. Cheng Ting Kong	–	1,331,506	8,150,547	–

c) Transactions with related parties

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Included in revenue				
– Loan interest income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	–	–	95,342	1,481,643
Included in finance cost				
– Promissory note interest paid to a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	–	1,331,506	8,150,547	–

The transactions with related parties were entered into in the ordinary course of business between the Target Company and its related parties on terms as mutually agreed.

19. CONTINGENT LIABILITIES

Under the Money Lenders Ordinance, loan agreements which involve charging interest, after overdue interest, late charges and administrative charges, at an effective interest rate more than 48%, but less than 60% per annum, shall be presumed to be extortionate. Subject to the court's consideration of facts relevant to individual borrowing clients, this presumption may be rebutted if the court, having regard to all circumstances, is satisfied that such rate is not unreasonable or unfair. Although the Target Company charged an interest rate, after overdue interest, late charges and administrative charges, for some loans and advances more than 48%, but less than 60% per annum, the Target Company's exposure to such legal risk was minimal in view of the insignificant amounts on the loans and advances involved and the possibility of having legal proceedings against the Target Company is remote.

20. DIVIDENDS

	31 March			31 July
	2015	**2016**	**2017**	**2017**
	HK$	*HK$*	*HK$*	*HK$*
Interim, paid, of HK$0.9087 per ordinary shares	–	–	–	340,762,334
Interim, declared and approved, of HK$1.2087 (2017: Nil) per ordinary share	–	–	–	453,249,296

The directors have declared the payment of interim dividend of HK$1.2087 (2017: Nil) per ordinary share, amounting to a total dividend of HK$453,249,296 (2017: Nil). Pursuant to a shareholder's resolution on 30 June 2017 and 31 July 2017, the declared dividend was approved.

21. EARNINGS PER SHARE

No earnings per share for the Track Record Period is presented as its inclusion is considered not meaningful for the purpose of this report.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of Sun International Group Limited (the "Company") and its subsidiaries (the "Group"), and Sun Finance Company Limited (the "Target Company") (collectively the "Enlarged Group") (the "Unaudited Pro Forma Financial Information"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the proposed acquisition of the entire interest in the Target Company (the "Proposed Transaction") by the Company, as if it had been completed on 31 March 2017 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on 1 April 2016 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

This Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "Directors") for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Transaction been completed on 31 March 2017 and profit or loss and other comprehensive income and cash flows of the Enlarged Group had the Proposed Transaction been completed on 1 April 2016, or any future dates.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated statement of financial position of as at the Group as at 31 March 2017 as set out in the Company's published annual report as at 31 March 2017 and the audited statement of financial position of the Target Company as at 31 July 2017 as set out in the accountants' report in Appendix II to this Investment Circular after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 March 2017 and other financial information included elsewhere in this Circular.

1. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	Audited consolidated statement of financial position the Group as at 31 March 2017	Audited statement of financial position the Target Company as at 31 July 2017	Pro Forma Adjustments			Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 6)*	*(note 8)*	
Non-current assets						
Intangible assets	2,503	–	–	–	–	2,503
Goodwill	53,038	–	3,000	–	–	56,038
Property, plant and equipment	51,420	167	–	–	–	51,587
Other assets	275	–	–	–	–	275
Biological assets – non-current portion	42,536	–	–	–	–	42,536
	149,772	167	3,000	–	–	152,939
Current assets						
Biological assets – current portion	113,427	–	–	–	–	113,427
Inventories	219	–	–	–	–	219
Loan and advances receivable	38,000	348,188	–	(139,000)	–	247,188
Trade receivables	10,937	–	–	–	–	10,937
Advances to customers in margin financing	60,073	–	–	–	–	60,073
Prepayments, deposits and other receivables	8,991	1,658	–	–	–	10,649
Amount due from a shareholder and holding company	–	–	–	124,000	–	124,000
Bank balances and cash	61,854	147,414	–	–	–	209,268
Cash held on behalf of customers	116,987	–	–	–	–	116,987
	410,488	497,260	–	(15,000)	–	892,748
Total assets	560,260	497,427	3,000	(15,000)	–	1,045,687
Current liabilities						
Trade payables	124,829	–	–	–	–	124,829
Receipt in advance, accruals and other payables	34,298	1,115	–	–	2,500	37,913
Deposits received and deferred income	1,513	–	–	–	–	1,513
Amount due to related companies	113	–	–	–	–	113
Medium-term bonds	212,000	–	–	–	–	212,000
Promissory note	2,574	–	–	–	–	2,574
Dividend payable	–	112,487	–	–	–	112,487
Tax payable	105	8,825	–	–	–	8,930
	375,432	122,427	–	–	2,500	500,359
Net current assets	35,056	374,833	–	(15,000)	(2,500)	392,389

	Audited consolidated statement of financial position the Group as at 31 March 2017	Audited statement of financial position the Target Company as at 31 July 2017	Pro Forma Adjustments			Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 3)*	*(note 6)*	*(note 8)*	
Total assets less current liabilities	184,828	375,000	3,000	(15,000)	(2,500)	545,328
Non-current liabilities						
Medium-term bonds	36,000	–	–	–	–	36,000
Promissory note	109,216	–	378,000	–	–	487,216
Interest-bearing borrowings	45,000	–	–	(15,000)	–	30,000
	190,216	–	378,000	(15,000)	–	553,216
Net (liabilities)/assets	(5,388)	375,000	(375,000)	–	(2,500)	(7,888)
Capital and reserves						
Share capital	55,656	375,000	(375,000)	–	–	55,656
Reserves	(63,755)	–	–	–	(2,500)	(66,255)
Equity attributable to owners of the Company	(8,099)	375,000	(375,000)	–	(2,500)	(10,599)
Non-controlling interests	2,711	–	–	–	–	2,711
Total equity	(5,388)	375,000	(375,000)	–	(2,500)	(7,888)

2. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017	Audited statement of profit or loss and other comprehensive income of the Target Company for the year ended 31 March 2017	Pro Forma Adjustments		Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 March 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 7)*	*(note 8)*	
Revenue	107,889	96,731	(95)	–	204,525
Direct costs	(39,863)	–	–	–	(39,863)
Gross profit	68,026	96,731	(95)	–	164,662
Other revenue	6,338	36	–	–	6,374
Administrative expenses	(129,782)	(10,395)	–	(2,500)	(142,677)
Finance costs	(35,999)	(8,150)	95	–	(44,054)
Fair value change of biological assets, net	(9,109)	–	–	–	(9,109)
Share of losses of associates	(44)	–	–	–	(44)
Gain on disposal of associates	14,753	–	–	–	14,753
(Loss)/Profit before taxation	(85,817)	78,222	–	(2,500)	(10,095)
Income tax expense	(68)	(12,908)	–	–	(12,976)
(Loss)/Profit for the year	(85,885)	65,314	–	(2,500)	(23,071)
Other comprehensive (loss)/income:					
Item that may be reclassified subsequently to profit or loss:					
Currency translation differences on translating foreign operations	(1,891)	–	–	–	(1,891)
Total comprehensive (loss)/income for the year	(87,776)	65,314	–	(2,500)	(24,962)
Loss for the year attributable to:					
Owners of the Company					
– Continuing operations	(85,359)	65,314	–	(2,500)	(22,545)
Non-controlling interests					
– Continuing operations	(526)	–	–	–	(526)
	(85,885)	65,314	–	(2,500)	(23,071)
Total comprehensive loss for the year attributable to:					
Owners of the Company	(87,250)	65,314	–	(2,500)	(24,436)
Non-controlling interests	(526)	–	–	–	(526)
	(87,776)	65,314	–	(2,500)	(24,962)

3. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	Audited consolidated statement of cash flows the Group for the year ended 31 March 2017	Audited statement of cash flows the Target Company for the year ended 31 March 2017	Pro Forma Adjustments			Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 6)*	*(note 7)*	*(note 8)*	
Cash flows from operating activities						
(Loss)/Profit before taxation	(85,817)	78,222	–	–	(2,500)	(10,095)
Adjustments for:						
Amortisation of intangible assets	249	–	–	–	–	249
Interest income	(537)	(1)	–	–	–	(538)
Depreciation of property, plant and equipment	9,640	237	–	–	–	9,877
Finance costs	35,999	8,151	–	(95)	–	44,055
Gain on disposal of associate	(14,753)	–	–	–	–	(14,753)
Fair value of change of biological assets, net	9,109	–	–	–	–	9,109
Loss/(Gain) on disposal of property, plant and equipment	86	–	–	–	–	86
Provision for bad debts on accounts receivable	1,113	–	–	–	–	1,113
Provision for impairment loss on loans and advances receivable	–	49	–	–	–	49
Written off on loans and advances receivable	–	232	–	–	–	232
Share of loss of associate	44	–	–	–	–	44
Gain on disposal of biological assets – non-current	(24)	–	–	–	–	(24)
Operating (loss)/profit before working capital changes	(44,891)	86,890	–	(95)	(2,500)	39,404

	Audited consolidated statement of cash flows the Group for the year ended 31 March 2017	Audited statement of cash flows the Target Company for the year ended 31 March 2017	Pro Forma Adjustments			Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 6)*	*(note 7)*	*(note 8)*	
Decrease in biological assets – current portion	21,566	–	–	–	–	21,566
Decrease in other assets	75	–	–	–	–	75
(Increase) in inventories	(43)	–	–	–	–	(43)
Decrease in trade receivables	16,062	–	–	–	–	16,062
Decrease/(Increase) in prepayment, deposits and other receivables	2,947	(100)	–	–	–	2,847
(Increase)/Decrease in loans and advance receivables	(8,000)	266,326	15,000	–	–	273,326
(Increase) in advance to margin financing	(41,900)	–	–	–	–	(41,900)
Decrease in amount of cash held on behalf of customer	54,982	–	–	–	–	54,982
Increase in advances, accruals and other payables	4,129	118	–	–	–	4,247
(Decrease) in trade payables	(64,761)	–	–	–	–	(64,761)
(Decrease) in deposits received	(658)	–	–	–	–	(658)
(Decrease) in deferred income	(296)	–	–	–	–	(296)
(Decrease) in promissory notes	(2,574)	–	–	–	–	(2,574)
Provision of annual and long service leaves	(860)	–	–	–	–	(860)
Decrease in amount due from a related company	56	–	–	–	–	56
(Increase) in amount due to related companies	(480)	–	–	–	–	(480)
Cash (used in)/generated from operations	(64,646)	353,234	15,000	(95)	(2,500)	300,993
Profits tax paid	–	(780)	–	–	–	(780)
Net cash (used in)/generated from operating activities	(64,646)	352,454	15,000	(95)	(2,500)	300,213

	Audited consolidated statement of cash flows the Group for the year ended 31 March 2017	Audited statement of cash flows the Target Company for the year ended 31 March 2017	Pro Forma Adjustments			Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 6)*	*(note 7)*	*(note 8)*	
Cash flows from investing activities						
Payment of cash advance to associate	(120)	–	–	–	–	(120)
Purchase of biological assets – non-current	(2,797)	–	–	–	–	(2,797)
Interest received	537	1	–	–	–	538
Proceeds from disposal of biological assets – non-current	54	–	–	–	–	54
Purchase of property, plant and equipments	(3,408)	(22)	–	–	–	(3,430)
Proceeds from disposal of associate	5,000	–	–	–	–	5,000
Proceeds from disposal of property, plant and equipment	129	–	–	–	–	129
Net cash (used in) investing activities	(605)	(21)	–	–	–	(626)
Cash flows from financing activities						
Repayment of promissory notes	–	(151,331)	–	–	–	(151,331)
Loan from/(repaid to) financial institution	45,000	–	(15,000)	–	–	30,000
Fund transfer to shareholders	–	(12,468)	–	–	–	(12,468)
Dividend paid	–	–	–	–	–	–
Interest paid	(22,701)	(8,151)	–	95	–	(30,757)
Net cash generated from/(used in) financing activities	22,299	(171,950)	(15,000)	95	–	(164,556)
Net (decrease)/increase in cash and cash equivalents	(42,952)	180,483	–	–	(2,500)	135,031
Cash and cash equivalents at the beginning of the year	105,526	49,378	–	–	–	154,904
Effect of changes in exchange rate, net	(720)	–	–	–	–	(720)
Cash and cash equivalents at the end of the year	61,854	229,861	–	–	(2,500)	289,215

Notes:

1. Figures are extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. Figures are extracted from the accountants' report of the Target Company set out in Appendix II to this Circular.

3. On 29 September 2017, Pioneer Frontier Limited, a wholly-owned subsidiary of the Company ("Purchaser"), entered into an acquisition agreement with Eminent Crest Holdings Limited ("Vendor A"), Peak Stand Holdings Limited ("Vendor B") and Sheen Light Holdings Limited ("Vendor C") (together the "Vendors") for the Proposed Transaction.

   As at 31 July 2017, upon negotiations among the parties concerned, the consideration of the Proposed Transaction was determined at HK$378,000,000, which shall be satisfied by way of issuance of HK$378,000,000 promissory note to the Vendors.

   The promissory notes with total face value of HK$378,000,000 shall be issued, which bear interest at 7% per annum with a maturity of 3 years.

   The recognition of goodwill arising from the Proposed Transaction as if the Proposed Transaction had been completed as at 31 March 2017 is as follows:

	HK$'000
Total consideration	378,000
Less: Identifiable net assets of the Target Company	(375,000)
Goodwill	3,000

   For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Directors have determined the identifiable net assets and liabilities of the Target Company at their respective carrying amounts as at 31 March 2017, the date as if the Proposed Transaction had taken place, and consider no fair value adjustment is required for the Proposed Transaction with the adoption of acquisition method in accordance with HKFRS 3 (Revised) "Business Combination" after considering the nature of their business and assets and liabilities.

   The Directors confirm that consistent accounting policies and assumptions have been applied for the purpose of assessing impairment of goodwill arising from the Proposed Transaction under HKAS 36 "Impairment of Assets" ("HKAS 36"), and the Directors are not aware of any indications that an impairment of the Enlarged Group's goodwill is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

4. Apart from the Proposed Transaction, no other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group or the Target Company entered into subsequent to 31 March 2017.

5. The actual amounts of the adjustment were determined on the completion dates of the Proposed Transaction, which may be different from the amounts presented in this Unaudited Pro Forma Financial Information and such differences may be material.

6. The intra-company balances are eliminated between the Group and the Target Company in the consolidated statement of financial position and consolidated statement of cash flows in the Enlarged Group. The loan receivable of the Target Company amounted to HK$139 million as at 31 July 2017 and the loan payable of the Group amounted to HK$15 million as at 31 March 2017. The differences are allocated to amount due to a shareholder and holding company.

7. The intra-company transactions are eliminated between the Group and the Target Company in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows in the Enlarged Group. The loan interest income of the Target Company and the loan interest expenses of the Group amounted to HK$95,342 for the year ended 31 March 2017.

8. These adjustments represent estimated costs directly attributable to the Proposed Transaction, primarily professional services fees and other related expenses, amounting to HK$2.5 million, charged to the consolidated statement of profit or loss and other comprehensive income.

   The adjustments will not have any continuing effect on the consolidated statement of profit or loss and other comprehensive income of the Enlarged Group.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from Andes Glacier CPA Limited, Certified Public Accountants, for the purpose of incorporation in this Circular.

Andes Glacier CPA Limited
Certified Public Accountants
思捷會計師行有限公司

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Sun International Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sun International Group Limited (the "Company") and its subsidiaries (collectively the "Group"), and Sun Finance Company Limited ("the Target Company") (collectively the "Enlarged Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 July 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-9 of the investment circular issued by the Company, in connection with the proposed acquisition of the entire interest in the Target Company (the "Proposed Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-9.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Transaction on the Group's financial position as at 31 March 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the Proposed Transaction had taken place at 31 March 2017 and 1 April 2016 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2017, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction at 31 March 2017 or 1 April 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM ListingRules.

Andes Glacier CPA Limited
Certificate Public Accountants
Hsu Yuk King, Mercedes
Practising Certificate Number: P03548
Hong Kong, 22 December 2017

A. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group extracted from the annual reports of the Company for each of the three years ended 31 March 2015, 2016 and 2017 of the Company. Terms used below shall have the same meanings as defined in the aforesaid reports.

I. FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL PERFORMANCE

The Group recorded a turnover of continuing operations of approximately HK$147,000,000 for the year ended 31 March 2015 which was decreased 7.5% compared to the turnover of approximately HK$159,000,000 in the last fiscal year. The revenue was mainly generated from the subsidiaries engaging in equine services business, information technology related business and hotel business. The decrease in turnover was mainly due to income generated from computer services business.

The direct costs of continuing operations were decreased to approximately HK$45,000,000 from approximately HK$56,000,000 recorded during last year. The increase of 4.6% in gross profit percentage was mainly due to the increase in sales turnover in equine services business and the decrease in direct cost generated from computer services business. The staff costs were decreased to approximately HK$32,732,000 (2014: HK$36,350,000). The decrease was mainly due to disposal of subsidiary of hotel services business during the financial year.

Administrative expenses of continuing operations made an increase of 32.8% to approximately HK$189,000,000 compared to HK$142,000,000 in 2014. The increase was mainly generated from equine services business during the financial year.

The net loss of the Group for the year ended 31 March 2015 was approximately HK$404,000,000 as compared with the net loss of approximately HK$554,000,000 of the last fiscal year. The reason of the loss was mainly due to impairment adjustments arising from change in fair value of goodwill, share of losses of associates and losses of disposal of subsidiaries for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 203.16% (31 March 2014: 45.8%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 36 to the consolidated financial statements.

EMPLOYEE INFORMATION

The total number of employees was 94 as at 31 March 2015 (2014: 349), and the total remuneration for the year ended 31 March 2015 was approximately HK$32,732,000 (2014: HK$36,350,000). 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

As at 31 March 2015, the Group did not have significant contingent liabilities (2014: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars, Indonesian Rupiah, PESO, Renminbi and Australian Dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts received and receivable from services provided, goods sold, rental income and mining businesses by the Group to outside customers.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2015 (2014: Nil).

BUSINESS REVIEW

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

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

Due to continuous unsatisfactory performance of hotel services business in Philippines and suspension of production of iron ores for mining business in Indonesia, the Board had made a decision to dispose those business segments in July and December 2014 respectively. The Board considered that the disposals could facilitate the Company to realise its investment in the disposed Group and to direct its focus to concentrate more on its core businesses segments.

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

II. FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL PERFORMANCE

The Group recorded a turnover of continuing operations of approximately HK$121,000,000 for the year ended 31 March 2016 which was decreased 18% compared to the turnover of approximately HK$147,000,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in equine services business, information technology related business, securities services business and money lending business. The decrease in turnover was mainly due to the decrease income generated from computer services business.

The direct costs of continuing operations were increased to approximately HK$50,000,000 from approximately HK$45,000,000 recorded during last year. The decrease of 11% in gross profit percentage was mainly due to the decrease in sales turnover in equine services business and the decrease in direct cost generated from computer services business. The staff costs (excluding other benefits) were increased to approximately HK$33,975,000 (2015: HK$32,732,000). The increase was mainly due to disposal of subsidiary of hotel services business during the financial year.

Administrative expenses of continuing operations made a decrease of 35% to approximately HK$122,000,000 compared to HK$189,000,000 in 2015. The decrease was mainly attributable to equine services business during the financial year.

The net loss of the Group for the year ended 31 March 2016 was approximately HK$125,000,000 as compared with the net loss of approximately HK$404,000,000 of the last financial year. The reason of the loss was mainly due to share of losses of associates, impairment adjustments arising from change in fair value of goodwill and biological assets for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 597.19% (31 March 2015: 203.16%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 39 to the consolidated financial statements.

EMPLOYEE INFORMATION

The total number of employees was 89 as at 31 March 2016 (2015: 94), and the total remuneration for the year ended 31 March 2016 was approximately HK$33,975,000 (2015: HK$32,732,000). 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

As at 31 March 2016, the Group did not have significant contingent liabilities (2015: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong dollars, Renminbi and Australian dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts received and receivable from services provided, goods sold, rental income and finance services by the Group to outside customers.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2016 (2015: Nil).

BUSINESS REVIEW

The East Asia and Pacific region, where most of the Group's operations are situated, achieved a lower than expected economic growth of approximately 6.5% in 2015. The economic development in the region last year was characterized by continuous growth in personal consumption expenditure, stagnated performance in industrial consumptions and high activities level in the financial sector. As the Group's operations covered a wide range of segment, the economic environment faced by the business units varied from one to another. Against this backdrop, the Group managed to reduce the loss attributable to shareholders to approximately HK$116,000,000 for the twelve months ended 31 March 2016 as compared to approximately HK$428,000,000 for the corresponding year ended 31 March 2015.

While the Group continued to implement cost controls and to improve operating results, the board of directors also identified opportunities in the financial services segment to diversify the business scope and broaden the revenue base of the Group. During the reporting period, the Group acquired a money lending business in November 2015 and completed the acquisition of the entire issued share capital of Sun International Securities Limited ("**SISL**") and Sun International Asset Management Limited ("**SIAML**") in February 2016. 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.

Apart from the operating results, the Board was also mindful of the overall financial position of the Group. Whilst the Group has successfully extended the tenure of the HK$140,000,000 promissory note from 31 March 2016 to 31 March 2017 and secured new stand-by financing facilities, the Board would continue to closely monitor the financial position of the Group and the financial market environment in order to establish a more sustainable foundation for the Group.

Equine services

The growth in personal consumption expenditure in the region has created a favorable environment for the equine services segment. This was also reflected in the increase in participants from the Asia countries in the Australian equine industry. Building on its experience in Australia, the Group has expanded the operation to Europe and Singapore. As of the latest practical date, approximately 16% of the Group's stallions and bloodstocks are located outside Australia. To better reflect the Group's global presence, the Group has changed the name of the operating company from Eliza Park International Pty. Limited to Sun Stud Pty. Limited.

For the twelve months ended 31 March 2016, the revenue and operating loss of the equine service segment was approximately HK$88,000,000 (2015: HK$99,000,000) and approximately HK$71,000,000 (2015: HK$113,000,000) respectively. The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. However, the results from rearing of bloodstocks for trading and racing were relatively volatile. This was partly due to the mixed racing performance of the off springs of our stallions and mares, including the off springs trained by other stables. Moreover, the performance of some colts and fillies acquired from third parties when the business was established in late 2013 were below expectation. The Group considered that the results can be improved by increasing the percentage of bloodstocks bred from its own mares and stallions because (i) the cost of bloodstock will be lower and (ii) the Group can have more influence on the training and development of the horses. As of the latest practical date, approximately 70% of the bloodstocks of the Group were bred from our own mares and stallions as compared to approximately 40% two years ago. This has laid a good foundation for enhancing the results from horse trading and racing. Besides improving the sales performance, the Group has implemented stringent cost controls and efficiency improvement measures. Overall speaking, the operating loss of the segment was reduced by 37% during the reported period.

Financial services

Whilst the financial systems in Asia have improved in the past decade, 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. During the year ended 31 March 2016, the demand for financing by private enterprises in China remained high. The government had also implemented structural reforms in the capital markets in China to liberalize the market and to increase the linkage with the Hong Kong capital markets. The launch of Shanghai-Hong Kong Stock Connect program was a major milestone for such development.

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 (as the purchaser), entered into a sales and purchase agreement with Sun International Financial Group Limited (as the vendor) to acquire the entire issued capital of SISL and SIAML (as the target companies) at the consideration of HK$147,300,000 (subject to adjustment). The transaction was subsequently completed on 29 February 2016 signaling the Group's expansion into the financial services segment. The consideration for the Acquisition was satisfied by procuring the Company to issue the promissory note in the principal amount of HK$147,300,000 to the vendor upon completion.

Pursuant to the sale and purchase agreement, the vendor has irrevocably and unconditionally warranted and guaranteed to the purchaser that the aggregate profits before taxation and extraordinary items of SISL and SIAML for the year ending 31 March 2016 shall not be less than zero (the "**Breakeven Guarantee**"). In the event the actual aggregate profit before taxation and extraordinary items of SISL and SIAML for the year ending 31 March 2016 shall be less than zero, the vendor shall compensate the purchaser an amount equivalent to the absolute aggregate amount of loss recorded by SISL and SIAML. Please refer to the circular of the Company dated 4 November 2015 for further details of the Breakeven Guarantee.

The Board would like to inform the Shareholders that the audited aggregated loss before taxation and extraordinary items of SISL and SIAML for the year ended 31 March 2016 is HK$18,604,741 (the "**Shortfall**"). Accordingly, the Breakeven Guarantee is not met. Pursuant to the Breakeven Guarantee, the compensation obligation of the Vendor shall be discharged by way of setting off the Shortfall against the face value of the promissory note on a dollar for dollar basis within three business days from the date of the guarantee certificate issued by the auditors of the Company. The Board considered that the Shortfall was mainly attributable to the poor performance of the stock markets in China and Hong Kong in late 2015 and early 2016. Despite such negative market sentiment, the board of directors is positive over the business prospect of SISL and SIAML.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2016, loan portfolio of the money lending business amounted to HK$30 million, representing approximately 4% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 20% to 25% per annum.

Since taking over of the operations of SISL and SIAML on 29 February 2016, the Group has successfully secured several mandates for placement and other corporate finance activities. The operating results of SISL have significantly improved over the corresponding period last year. Furthermore, we have secured the services of several seasoned investment managers for SIAML. During the reporting period, the financial services segment achieved revenue and operating loss of approximately HK$4,700,000 and HK$1,000,000 respectively.

Computer software solution and services

The computer software solution and services segment recorded another year of disappointing results with sales revenue of approximately HK$29,000,000 (2015: HK$48,000,000), representing a decrease of 40% as compared to the corresponding period last year. As stated in the last year's report, the industry has been experiencing increased competition, changing needs of customers and rapid development in information technology. Whilst the Group had increased the investment in new products development with a view of regaining our competitiveness, the initiative has yet to deliver significant positive results. Accordingly, the business continued to suffer loss in market share leading to further deterioration in its market position.

An assessment of the fair value and recoverable amount of the business segment was carried out in a consistent manner as in the previous years. A provision for impairment of goodwill of approximately HK$6,528,000 (2015: HK$173,985,000) for the computer software solution and services segment has been made during this reporting year to fully written off all the goodwill associated with this segment.

Mining operation

The Group's exposure to the mining segment is via our 35% interests in Yuet Sing Group Limited which holds 100% interest of a mining operation in Hubei Province, the People's Republic of China. 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 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 bring contribution to the Group in the near future. Pursuant to the valuation performed by an independent valuer, Roma Appraisals Limited, on the mining right of the associate, the Group recorded impairment loss of approximately HK$36,000,000 (2015: HK$110,000,000) for its interests in Yuet Sing Group Limited. The carrying value of the Group's interest in Yuet Sing Group Limited has decreased to approximately HK$130,000,000 as at 31 March 2016 (2015: HK$166,000,000).

III. FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL PERFORMANCE

The Group recorded a turnover of continuing operations of approximately HK$108,000,000 for the year ended 31 March 2017 which was decreased 11% compared to the turnover of approximately HK$121,000,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in equine services business, securities services business, money lending business and computer services business. The decrease in turnover was mainly due to the decrease in income generated from equine services business and computer services business.

The direct costs of continuing operations were decreased to approximately HK$40,000,000 from approximately HK$50,000,000 recorded during last year. The decrease of 4% in gross profit percentage was mainly due to the decrease in sales turnover in equine services business and computer services business. The staff costs (excluding other benefits) were increased to approximately HK$36,879,000 (2016: HK$33,975,000). The increase was mainly due to introduction of financial services business since February 2016.

Administrative expenses of continuing operations made an increase of 6% to approximately HK$130,000,000 compared to HK$122,000,000 in 2016. The increase was mainly attributable to financial services business during the financial year.

The net loss of the Group for the year ended 31 March 2017 was approximately HK$86,000,000 as compared with the net loss of approximately HK$126,000,000 of the last financial year. The reason of the decrease in net loss was mainly due to losses generated from equine services business and impairment adjustments arising from change in fair value of biological assets for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately -7,512.94% (31 March 2016: 597.19%).

CAPITAL STRUCTURE

There are no movements in share capital during the year ended 31 March 2017.

EMPLOYEE INFORMATION

The total number of employees was 91 as at 31 March 2017 (2016: 89), and the total remuneration for the year ended 31 March 2017 was approximately HK$35,962,000 (2016: HK$33,975,000). 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

As at 31 March 2017, the Group did not have significant contingent liabilities (2016: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong dollars, and Australian dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts in respect of services provided, goods sold, equine services income, securities brokerage commission 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 2017 (2016: Nil).

BUSINESS REVIEW

The East Asia and Pacific region, where most of the Group's operations are situated, achieved a lower than expected economic growth of approximately 5.3% in 2016. The economic development in the region last year was characterized by continuous growth in personal consumption expenditure, stagnated performance in industrial consumptions and high activities level in the financial sector. As the Group's operations covered a wide range of segments, the economic environment faced by the business units varied from one to another. Against this backdrop, the Group managed to reduce the loss attributable to shareholders to approximately HK$85,000,000 for the twelve months ended 31 March 2017 as compared to approximately HK$116,000,000 for the corresponding year ended 31 March 2016.

While the Group continued to implement cost controls and to improve operating results, the board of directors also identified opportunities in the financial services segment to diversify the business scope and broaden the revenue base of the Group. During the previous reporting period, the Group acquired a money lending business in November 2015 and completed the acquisition of the entire issued share capital of Sun International Securities Limited ("**SISL**") and Sun International Asset Management Limited ("**SIAML**") in February 2016. 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.

Apart from the operating results, the board of directors was also mindful of the overall financial position of the Group. Whilst the Group has successfully secured new interest-bearing borrowings of HK$45,000,000 during the year ended 31 March 2017 the board of directors would continue to closely monitor the financial position of the Group and the financial market environment in order to establish a more sustainable foundation for the Group.

Equine services

The growth in personal consumption expenditure in the region has created a favorable environment for the equine services segment. This was also reflected in the increase in participants from the Asia countries in the Australian equine industry. Building on its experience in Australia, the Group has expanded the operation to Europe and Singapore. As of the latest practical date, approximately 18% of the Group's stallions and bloodstocks are located outside Australia.

For the twelve months ended 31 March 2017, the revenue and operating loss of the equine service segment was approximately HK$52,000,000 (2016: HK$88,000,000) and approximately HK$80,000,000 (2016: HK$71,000,000) respectively. The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. However, the results from rearing of bloodstocks for trading and racing were relatively volatile. This was partly due to the mixed racing performance of the off springs of our stallions and mares, including the off springs trained by other stables. Moreover, the performance of some colts and fillies acquired from third parties when the business was established in late 2013 were below expectation. The Group considered that the results can be improved by increasing the percentage of bloodstocks bred from its own mares and stallions because (i) the cost of bloodstock will be lower and (ii) the Group can have more influence on the training and development of the horses. This has laid a good foundation for enhancing the results from horse trading and racing. Besides improving the sales performance, the Group has implemented stringent cost controls and efficiency improvement measures.

Financial services

Whilst the financial systems in Asia have improved in the past decade, 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. During the year ended 31 March 2017, the demand for financing by private enterprises in China remained high. The government had also implemented structural reforms in the capital markets in China to liberalize the market and to increase the linkage with the Hong Kong capital markets. The launch of Shenzhen-Hong Kong Stock Connect program was a major milestone for such development.

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 (as the purchaser), entered into a sales and purchase agreement with Sun International Financial Group Limited (as the vendor) to acquire the entire issued capital of SISL and SIAML at the consideration of HK$147,300,000 (subject to adjustment). 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 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2017, loan portfolio of the money lending business amounted to HK$38,000,000, representing approximately 7% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 20% to 25% per annum.

Since taking over of the operations of SISL and SIAML on 29 February 2016, the Group has successfully secured several mandates for placement and other corporate finance activities. The operating results of SISL have significantly improved over the corresponding period last year. Furthermore, we have secured the services of several seasoned investment managers for SIAML. During the reporting period, the financial services segment achieved revenue and operating gain of approximately HK$43,000,000 and HK$9,200,000 respectively.

Computer software solution and services

The computer software solution and services segment recorded another year of disappointing results with sales revenue of approximately HK$13,000,000 (2016: HK$29,000,000), representing a decrease of 55% as compared to the corresponding period last year. As stated in the last year's report, the industry has been experiencing increased competition, changing needs of customers and rapid development in information technology. Whilst the Group had increased the investment in new products development with a view of regaining our competitiveness, the initiative has yet to deliver significant positive results. Accordingly, the business continued to suffer loss in market share leading to further deterioration in its market position.

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULT AND POSITION OF THE TARGET COMPANY

Set out below is the management discussion and analysis abstracted from the accountant report of the Target Company for each of the financial years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, respectively:

I. For the year ended 31 March 2015

General Information

On 12 January 2009, the Target Company had completed the acquisition of Easy Rich Consultants Company Limited, which is principally engaged in the business of money lending in Hong Kong under the MLO.

Financial Performance

During the reporting year, the Target Company recorded a turnover of continuing operations of approximately HK$122,000,000 for the year ended 31 March 2015 which was decreased 42% compared to the turnover of approximately HK$211,000,000 in the last financial year. During the reporting year, the Company did not have any contribution to the turnover of the Target Company.

Administrative expenses of continuing operations made a decrease of 56% to approximately HK$11,000,000 compared to HK$24,000,000 in 2014. The decrease was mainly due to decrease in employment expenses and property expenses during the financial year. The net profit of the Company for the year ended 31 March 2015 was approximately HK$93,000,000 as compared with the net profit of approximately HK$155,000,000 of the last financial year. The reason of the decrease in net profit was mainly due to decrease in loan interest income for the financial year.

Capital Structure

The initial issued share capital of the Target Company is HK$375,000,000 and there are no movements in share capital during the year ended 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group did not have significant contingent liabilities (2014: Nil).

Treasury Policies

The Target Company generally finances its operations with internally generated resources.

Foreign Exchange Exposure

As the borrowings were denominated in Hong Kong Dollars, foreign exchange exposure risk is remote.

Business Review

The Target Company provides Large Loans and Small Loans to customers. In general, the typical sum involved in those Small Loans provided by us is in the range of HK$5,000 and HK$70,000 while the typical sum involved in each of those Large Loans provided by us is in the range of HK$300,000 and HK$100 million.

Our major sources of customers include:

- with respect to our Small Loans - individuals holding HKID and foreign domestic workers from the Philippines; and

- with respect to our Large Loans - listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong or Macau, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges.

Financial Review

Net Assets

As at 31 March 2015, the Target Company recorded total assets of approximately HK$723,351,000 (2014: HK$653,348,000) which were financed by liabilities of approximately HK$10,940,000 (2014: HK$34,217,000) and equity of approximately HK$712,411,000 (2014: HK$619,131,000). The net asset value as at 31 March 2015 was approximately HK$712,411,000 (2014: HK$619,131,000).

Liquidity and Financial Resources

As at 31 March 2015, the Group had current assets of approximately HK$714,000,000 (2014: HK$644,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$714,000,000 (2014: HK$644,000,000) over current liabilities of approximately HK$11,000,000 (2014: HK$34,000,000) was at level of approximately 65.3:1 (2014: 18.8:1). The bank balances as at 31 March 2015 was approximately HK$11,000,000 as compared to the balance of approximately HK$26,000,000 as at 31 March 2014.

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

The Finance Costs

With the amount of liquid assets on hand, the Company has sufficient financial resources to meet its ongoing operational requirements and no additional finance costs is needed.

II. For the year ended 31 March 2016

General Information

On 12 January 2009, the Target Company had completed the acquisition of Easy Rich Consultants Company Limited, which is principally engaged in the business of money lending in Hong Kong under the MLO.

Financial Performance

During the reporting year, the Target Company recorded a turnover of continuing operations of approximately HK$80,000,000 for the year ended 31 March 2016 which was decreased 35% compared to the turnover of approximately HK$122,000,000 in the last financial year. During the reporting year, the Company did not have any contribution to the turnover of the Target Company.

Administrative expenses of continuing operations made an increase of 224% to approximately HK$35,000,000 compared to HK$11,000,000 in 2015. The increase was mainly due to increase in provision for bad debts during the financial year. The net profit of the Company for the year ended 31 March 2016 was approximately HK$37,000,000 as compared with the net profit of approximately HK$93,000,000 of the last financial year. The reason of the decrease in net profit was mainly due to decrease in loan interest income and increase in provision for bad debts during the financial year.

Capital Structure

The initial issued share capital of the Target Company is HK$375,000,000 and there are no movements in share capital during the year ended 31 March 2016.

Contingent Liabilities

As at 31 March 2016, the Group did not have significant contingent liabilities (2015: Nil).

Treasury Policies

The Target Company generally finances its operations with internally generated resources.

Foreign Exchange Exposure

As the borrowings were denominated in Hong Kong Dollars, foreign exchange exposure risk is remote.

Business Review

The Target Company provides Large Loans and Small Loans to customers. In general, the typical sum involved in those Small Loans provided by us is in the range of HK$3,000 and HK$70,000 while the typical sum involved in each of those Large Loans provided by us is in the range of HK$300,000 and HK$200 million.

Our major sources of customers include:

- with respect to our Small Loans - individuals holding HKID and foreign domestic workers from the Philippines; and
- with respect to our Large Loans - listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges.

Financial Review

Net Assets

As at 31 March 2016, the Target Company recorded total assets of approximately HK$902,186,000 (2015: HK$723,351,000) which were financed by liabilities of approximately HK$153,084,000 (2015: HK$10,940,000) and equity of approximately HK$749,103,000 (2015: HK$712,411,000). The net asset value as at 31 March 2016 was approximately HK$749,103,000 (2015: HK$712,411,000).

Liquidity and Financial Resources

As at 31 March 2016, the Group had current assets of approximately HK$902,000,000 (2015: HK$714,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$902,000,000 (2015: HK$714,000,000) over current liabilities of approximately HK$153,000,000 (2015: HK$11,000,000) was at level of approximately 5.9:1 (2015: 65.3:1). The bank balances as at 31 March 2016 was approximately HK$49,000,000 as compared to the balance of approximately HK$11,000,000 as at 31 March 2015.

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

The Finance Costs

With the amount of liquid assets on hand, the Company has sufficient financial resources to meet its ongoing operational requirements and no additional finance costs is needed.

III. For the year ended 31 March 2017

General Information

On 12 January 2009, the Target Company had completed the acquisition of Easy Rich Consultants Company Limited, which is principally engaged in the business of money lending in Hong Kong under the MLO.

Financial Performance

During the reporting year, the Target Company recorded a turnover of continuing operations of approximately HK$97,000,000 for the year ended 31 March 2017 which was increased 21% compared to the turnover of approximately HK$80,000,000 in the last financial year. During the reporting year, HK$496,438 turnover of the Target Company was contributed by the Company.

Administrative expenses of continuing operations made a decrease of 70% to approximately HK$10,000,000 compared to HK$35,000,000 in 2016. The decrease was mainly due to decrease in provision for bad debts during the financial year. The net profit of the Company for the year ended 31 March 2017 was approximately HK$65,000,000 as compared with the net profit of approximately HK$37,000,000 of the last financial year. The reason of the increase in net profit was mainly due to decrease in provision for bad debts during the financial year.

Capital Structure

The initial issued share capital of the Target Company is HK$375,000,000 and there are no movements in share capital during the year ended 31 March 2017.

Contingent Liabilities

As at 31 March 2017, the Group did not have significant contingent liabilities (2016: Nil).

Treasury Policies

The Target Company generally finances its operations with internally generated resources.

Foreign Exchange Exposure

As the borrowings were denominated in Hong Kong Dollars, foreign exchange exposure risk is remote.

Business Review

The Target Company provides Large Loans and Small Loans to customers. In general, the typical sum involved in those Small Loans provided by us is in the range of HK$3,000 and HK$75,000 while the typical sum involved in each of those Large Loans provided by us is in the range of HK$200,000 and HK$200 million.

Our major sources of customers include:

- with respect to our Small Loans - individuals holding HKID and foreign domestic workers from the Philippines; and

- with respect to our Large Loans - listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges.

Financial Review

Net Assets

As at 31 March 2017, the Target Company recorded total assets of approximately HK$821,855,000 (2016: HK$902,186,000) which were financed by liabilities of approximately HK$7,439,000 (2016: HK$153,084,000) and equity of approximately HK$814,417,000 (2016: HK$749,103,000). The net asset value as at 31 March 2017 was approximately HK$814,417,000 (2016: HK$749,103,000). As at 31 March 2017, the Target Company's loan receivable from the Company was approximately HK$15,496,000.

Liquidity and Financial Resources

As at 31 March 2017, the Group had current assets of approximately HK$822,000,000 (2016: HK$902,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$822,000,000 (2016: HK$902,000,000) over current liabilities of approximately HK$7,000,000 (2016: HK$153,000,000) was at level of approximately 110.5:1 (2016: 5.9:1). The bank balances as at 31 March 2017 was approximately HK$230,000,000 as compared to the balance of approximately HK$49,000,000 as at 31 March 2016.

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

The Finance Costs

With the amount of liquid assets on hand, the Company has sufficient financial resources to meet its ongoing operational requirements and no additional finance costs is needed.

IV. For the four months ended 31 July 2017

General Information

On 12 January 2009, the Target Company had completed the acquisition of Easy Rich Consultants Company Limited, which is principally engaged in the business of money lending in Hong Kong under the MLO.

Financial Performance

During the reporting year, the Target Company recorded a turnover of continuing operations of approximately HK$22,000,000 for the four months ended 31 July 2017 which was decreased 47% compared to the turnover of approximately HK$42,000,000 in the last financial year. The reason for such decrease in revenue for the four months period ended 31 July 2017 comparing with the corresponding period of last year is mainly due to (i) the fluctuation of market demand caused by the change of external economic environment; and (ii) the Target Company advanced loans in the aggregate principal amount of HK$139 million to the Company, under which a lower interest rate was charged by the Target Company to the Group compared with the interest rate charged to other clients. During the reporting year, HK$985,206 turnover of the Target Company was contributed by the Company.

Administrative expenses of continuing operations made an increase of 82% to approximately HK$5,000,000 compared to HK$3,000,000 in 2016. The increase was mainly due to increase in provision for bad debts during the financial year. The net profit of the Company for the four months ended 31 July 2017 was approximately HK$14,000,000 as compared with the net profit of approximately HK$27,000,000 of the last financial year. The reason of the decrease in net profit was mainly due to decrease in loan interest income and increase in provision for bad debts during the financial year.

Capital Structure

The initial issued share capital of the Target Company is HK$375,000,000 and there are no movements in share capital during the year ended 31 July 2017.

Contingent Liabilities

As at 31 July 2017, the Group did not have significant contingent liabilities (2016: Nil).

Treasury Policies

The Target Company generally finances its operations with internally generated resources.

Foreign Exchange Exposure

As the borrowings were denominated in Hong Kong Dollars, foreign exchange exposure risk is remote.

Business Review

The Target Company provides Large Loans and Small Loans to customers. In general, the typical sum involved in those Small Loans provided by us is in the range of HK$4,000 and HK$75,000 while the typical sum involved in each of those Large Loans provided by us is in the range of HK$2 million and HK$38 million.

Our major sources of customers include:

- with respect to our Small Loans - individuals holding HKID and foreign domestic workers from the Philippines; and
- with respect to our Large Loans - listed companies, substantial shareholders of listed companies, private companies holding real properties in Hong Kong, individuals holding real properties, substantial shareholders of private companies which are planning for the listing of their shares on recognised stock exchanges.

Financial Review

Net Assets

As at 31 July 2017, the Target Company recorded total assets of approximately HK$497,428,000 (2016: HK$929,568,000) which were financed by liabilities of approximately HK$122,428,000 (2016: HK$153,716,000) and equity of approximately HK$375,000,000 (2016: HK$775,852,000). The net asset value as at 31 July 2017 was approximately HK$375,000,000 (2016: HK$775,852,000). As at 31 July 2017, the Target Company's loan receivable from the Company was approximately HK$140,482,000.

Liquidity and Financial Resources

As at 31 July 2017, the Group had current assets of approximately HK$497,260,000 (2016: HK$595,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$497,260,000 (2016: HK$595,000,000) over current liabilities of approximately HK$122,428,000 (2016: HK$160,000,000) was at level of approximately 4.1:1 (2016: 3.7:1). The bank balances as at 31 July 2017 was approximately HK$147,414,000 as compared to the balance of approximately HK$126,000,000 as at 31 July 2016.

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

The Finance Costs

With the amount of liquid assets on hand, the Company has sufficient financial resources to meet its ongoing operational requirements and no additional finance costs is needed.

1. RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL

Share capital of the Company as at the Latest Practicable Date

Authorised:		*HK$*
40,000,000,000	ordinary shares of HK$0.04 each	1,600,000,000
Issued and fully paid:		
1,391,400,000	ordinary shares of HK$0.04 each	55,656,000

3. DISCLOSURE OF INTERESTS

(i) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under section 344 of the SFO) or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Long position in the Shares

Name of Director	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital (%) *(Note 3)*
Mr. Cheng Ting Kong	Interest of a controlled corporation	654,677,040 *(Note 1)*	47.14%
	Beneficial owner	1,251,250 *(Note 2)*	

Note:

1. These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong, as at the Latest Practicable Date.

2. Such interest represents 1,251,250 underlying Shares derived from the share options granted to Mr. Cheng Ting Kong under the share option scheme adopted by the Company.

3. The calculation is based on the number of shares as a percentage of the total number of issued Shares (i.e. 1,391,400,000 Shares) as at the Latest Practicable Date.

Long position in the underlying Shares

Pursuant to the new share option scheme adopted by the Company on 5 December 2006, several Directors in the capacity as beneficial owners were granted share options to subscribe for shares of the Company, details of which as at the Latest Practicable Date were as follows:

Name of Director	Number of share options	Date of grant of share options	Exercise price of share options (HK$)	Exercise period of share options from	until	Number of Shares to be issued upon exercise of the share options	Percentage of the Company's issued share capital (%) *(Note)*
Mr. Cheng Ting Kong	1,251,250	25/11/2010	1.120	25/11/2010	24/11/2020	1,251,250	0.09
Ms. Cheng Mei Ching	11,492,308	09/02/2010	0.650	09/02/2010	08/02/2020	11,492,308	0.83
	12,581,250	25/11/2010	1.120	25/11/2015	24/11/2020	12,581,250	0.90
	1,391,400	10/09/2014	0.315	10/09/2014	09/09/2024	1,391,400	0.10
Mr. Lui Man Wah	13,914,000	10/09/2014	0.315	10/09/2014	09/09/2024	13,914,000	1.00

Note: The calculation is based on the number of Shares to be issued upon exercise of the share options as a percentage of the total number of issued Shares (i.e. 1,391,400,000 Shares) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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 5.67 of the GEM Listing Rules.

(ii) Interests of the substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company were as follows:

Name	Capacity of interest	Number of Shares held	Approximate percentage of the Company's issued share capital (%) *(Note 3)*
First Cheer Holdings Limited *(Note 1)*	Beneficial owner	654,677,040	47.05
Chau Cheok Wa *(Note 2)*	Interest of a controlled corporation	654,677,040	47.14
	Beneficial owner	1,251,250	

Notes:

1. As at the Latest Practicable Date, First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 654,677,040 shares beneficial owned by First Cheer Holdings Limited.

2. Such interest represents 1,251,250 underlying Shares derived from the share options granted to Mr. Chau Cheok Wa under the share option scheme adopted by the Company.

3. The calculation is based on the number of Shares as a percentage of the total number of issued Shares (i.e. 1,391,400,000 Shares) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2017, being the date to which the latest published audited consolidated accounts of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Enlarged Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the Controlling Shareholder of the Company or their respective close associates were considered to have an interests in a business which competes or may compete with the business of the Enlarged Group or have any other conflict of interest, either directly or indirectly, which any such person has or may have with the Enlarged Group.

6. LITIGATION

As at the Latest Practicable Date, save for the Litigation Case, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

8. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinions or advice contained in this circular:

Name	**Qualification**
Andes Glacier CPA Limited (the "**Andes Glacier**")	Certified Public Accountants
Astrum	A corporation licensed permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of Andes Glacier and Astrum has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of Andes Glacier and Astrum was not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Andes Glacier and Astrum did not have any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2017 (being, the date to which the latest published audited financial statements of the Company were made up).

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

(i) a sale and purchase agreement dated 15 July 2016 entered into between a subsidiary of the Company (as a vendor), and Mr. Xu Jian She, pursuant to which the subsidiary of the Company agreed to sell the sale loan and 35% equity interest in Yuet Sing Group Limited (as the target) and at the consideration of HK$145,000,000 by cash and the issue of promissory note;

(ii) a loan agreement dated 14 November 2016 (as amended and supplemented by the extension letters dated 14 December 2016, 14 January 2017, 14 February 2017, 14 March 2017, 14 April 2017, 14 May 2017, 14 June 2017, 14 July 2017, 14 August 2017, 14 September 2017, 14 October 2017, 14 November 2017 and 14 December 2017) entered into between a wholly-owned subsidiary of the Company (as a lender), a wholly-owned subsidiary of the Company, and an independent customer (as a borrower); pursuant to which a wholly-owned subsidiary of the Company agreed to provide the secured loan in the amount of HK$15,000,000 for term of one month from the drawdown date;

(iii) a loan agreement dated 14 November 2016 (as amended and supplemented by the extension letters dated 14 December 2016, 14 January 2017, 14 February 2017, 14 March 2017, 14 April 2017, 14 May 2017, 14 June 2017, 14 July 2017, 14 August 2017, 14 September 2017, 14 October 2017, 14 November 2017 and 14 December 2017) entered into between a wholly-owned subsidiary of the Company (as a lender), and an independent customer (as a borrower); pursuant to which the wholly-owned subsidiary of the Company agreed to provide the secured loan in the amount of HK$18,000,000 for term of one month from the drawdown date;

(iv) a master service agreement dated 6 June 2017 entered into between a wholly-owned subsidiary of the Company and a wholly-owned subsidiary of Mr. Cheng Ting Kong, an executive Director and chairman of the Board, in relation to horse racing related service for the three years ending 30 September 2019;

(v) a placing agreement dated 8 June 2017 entered into between a wholly-owned subsidiary of the Company and the Sun International Securities Limited (as a placing agent) in respect of placing of the convertible bonds with an aggregate principal amount of up to HK$50,000,000 at the interest rate of 6.2% per annum;

(vi) the Sale and Purchase Agreement; and

(vii) the extension letter with respect of the Sale and Purchase Agreement dated 20 December 2017.

10. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup Trevor, Mr. Jim Ka Shun, being all the independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process, audit plan and relationship with external auditors, the internal control systems of the Group and to provide advices and recommendations to the Board for review and follow-up.

Mr. Tou Kin Chuen, aged 41, is the independent non-executive Director of Sun Century Group Limited (Stock Code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a honours diploma in accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou Kin Chuen is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Chan Tin Lup, Trevor, aged 58, has been in the legal field for over 20 years. He received his law degree from the University of London and his postgraduate diploma in legal practice from the University of Wolverhampton with commendation. Mr. Chan Tin Lup, Trevor has been an independent non-executive director of National Arts Holdings Limited (Stock Code: 8228), a company registered in Bermuda and the shares of which are listed on GEM, since 13 May 2009.

Mr. Jim Ka Shun, aged 36, is a holder of bachelor of engineering in computer engineering from The Hong Kong University of Science and Technology in 2004. Mr. Jim Ka Shun is a Financial Risk Manager (FRM) of the Global Association of Risk Professionals and a licensed person to carry out Type 9 (asset management) regulated activity under the SFO. Mr. Jim Ka Shun has over 9 years of relevant experience in financial industry, including the asset management sector. He has been appointed as the executive director and Type 9 responsible officer of Great Wall Securities Limited since April 2015.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong from 9:00 a.m. to 6:00 p.m. on any Business Day from the date of this circular up to and including the closing date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for each of the three financial years ended 31 March 2015, 2016 and 2017;

(iii) the first quarterly report of the Company for the three months ended 30 June 2017;

(iv) the accountants' report of the Target Company set out in Appendix II to this circular;

(v) the unadutited pro forma financial information of the Enlarged Group set out in Appendix III to this circular;

(vi) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 44 of this circular;

(vii) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;

(viii) the letters of consent referred to under the paragraph headed "EXPERTS AND CONSENTS" in Appendix V to this circular;

(ix) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in Appendix V to this circular; and

(x) this circular.

12. MISCELLANEOUS

(i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal office of the Company is situated at Unit 2414–2418, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(ii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(iii) The company secretary of the Company is Mr. Chung Sze Fat ("**Mr. Chung**"), who is a member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants.

(iv) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Sun International Group Limited (the "**Company**") will be held at Units 2414–2418, 24/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Friday, 12 January 2018 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement dated 29 September 2017 (as amended and supplemented by the extension letter dated 20 December 2017) (the "**Sale and Purchase Agreement**") and entered into between Eminent Crest Holdings Limited, Peak Stand Holdings Limited and Sheen Light Holdings Limited as vendors (the "**Vendors**"), Mr. Cheng Ting Kong and Mr. Chau Cheok Wa as guarantors and Pioneer Frontier Limited, a wholly-owned subsidiary of the Company, as purchaser in relation to the sale and purchase of 375,000,000 ordinary shares (the "**Sale Shares**") in the share capital of Sun Finance Company Limited (the "**Target Company**"), representing the entire issued share capital of the Target Company, for a total consideration of HK$378,000,000 (subject to adjustments according to the terms of the Sale and Purchase Agreement) (copies of the Sale and Purchase Agreement are marked "A" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the issue of the promissory notes (the "**Promissory Notes**") in the aggregate principal amount of HK$378,000,000 by the Company to the Vendors (or their respective nominee(s)) as part of the consideration for the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement be and are hereby approved; and

(c) any one or more of the director(s) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents (including under seal) which he/she/they consider necessary or expedient to give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder including but not limited to the issue of the Promissory Notes."

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

Hong Kong, 22 December 2017

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 2414-2418, 24th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. The register of members of the Company will be closed from Tuesday, 9 January 2018 to Friday, 12 January 2018 (both dates inclusive) for determining the identity of the shareholders who are entitled to attend and vote at the Meeting. No transfer of shares of the Company will be registered during this period. In order to be eligible to attend and vote at the Meeting, unregistered holders of the shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 January 2018.