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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)

CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORTS
FOR THE YEARS ENDED 31 MARCH 2018 AND 31 MARCH 2019

Reference is made to the annual report (the “**2018 Annual Report**”) of Sun International Group Limited (the “**Company**”) for the year ended 31 March 2018 and the annual report (the “**2019 Annual Report**”, together with the 2018 Annual Report, the “**Annual Reports**”) of the Company for the year ended 31 March 2019. Capitalised terms used here in shall have the same meanings ascribed to them in the Annual Reports.

The board of directors of the Company (the “**Board**”) would like to make the following clarifications and provides the following additional information in relation to the related party transactions for the years ended 31 March 2018 and 31 March 2019.

For the year ended
31 March
2019 2018
HK'000 **HK'000**

Included in revenue		
– Equine related income (bloodstock sale and service fee) from a related company which is beneficially owned and controlled by Mr. Cheng (<i>Notes 1, 2, 3, 4 & 14</i>)	10,471	11,148
Included in revenue		
– Service fee income for general offer from a related company which is beneficially owned and controlled by Mr. Cheng (<i>Notes 2, 5 & 14</i>)	1,371	1,785
Included in revenue		
– Brokerage income from Mr. Cheng, Lui Man Wah and Yiu Tak Yin (<i>Notes 2, 6, 7, 8 & 9</i>)	29	55
Included in revenue		
– Margin interest income from Lui Man Wah and Yiu Tak Yin (<i>Notes 7, 8 & 9</i>)	169	174
Included in finance cost		
– Interest expenses on interest-bearing borrowings to a related company which is beneficially owned and controlled by Mr. Cheng (<i>Notes 2, 10 & 14</i>)	1,993	13,476
– Interest expenses on promissory notes to related companies which are beneficially owned and controlled by Mr. Cheng and/or Mr. Chau (<i>Notes 2, 11, 12, 13 & 14</i>)	28,154	2,574

Notes:

1. The said related company is Sun Bloodstock Pty Limited (“**Sun Bloodstock**”), a company beneficially owned and controlled by Mr. Cheng.
2. Mr. Cheng is an executive director, the chairman and a controlling shareholder of the Company.
3. The purchase of the bloodstock by Sun Bloodstock from the Group constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.
4. The provision of bloodstock service by the Group to Sun Bloodstock pursuant to the master service agreement dated 6 June 2017 and entered into between the Group and Sun Bloodstock, constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcement of the Company dated 6 June 2017.

5. The provision of service to the related company beneficially owned and controlled by Mr. Cheng constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK\$3,000,000, the connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.
6. The provision of brokerage service to Mr. Cheng constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. The Company has not complied with the requirements under Chapter 20 of the GEM Listing Rules.
7. Mr. Lui Man Wah ("**Mr. Lui**") is an executive director of the Company.
8. The provision of brokerage service and margin financing to Mr. Lui constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. The Company has not complied with the requirements under Chapter 20 of the GEM Listing Rules.
9. Mr. Yiu Tak Yin ("**Mr. Yiu**") is the responsible officer of Sun International Securities Limited, a wholly-owned subsidiary of the Company. Mr. Yiu is not a connected person of the Company under Chapter 20 of the GEM Listing Rules. The provision of brokerage service and margin financing to Mr. Yiu do not constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.
10. The provision of financial assistance from the related company beneficially owned and controlled by Mr. Cheng to the Group constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As the financial assistance received by the Group from the related company beneficially owned and controlled by Mr. Cheng is conducted on normal commercial terms or better; and is not secured by the assets of the Group, it is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.
11. The said related companies are (i) Sun International Financial Group Limited, a company beneficially owned as to 50% by Ms. Yeung So Mui (being the spouse of Mr. Cheng) and as to 50% by Mr. Chau; (ii) Eminent Crest Holdings Limited, a company beneficially owned and controlled by Mr. Cheng; (iii) Peak Stand Holdings Limited, a company beneficially owned and controlled by Mr. Cheng; and (iv) Sheen Light Holdings Limited, a company beneficially owned and controlled by Mr. Cheng.
12. Part of the promissory notes were issued by the Company as the consideration for the acquisition of the entire issued share capital of Sun International Securities Limited and Sun International Asset Management Limited, which constitutes a major acquisition and connected transaction on the part of the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, and was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 23 November 2015. Details of which were disclosed in the circular of the Company dated 4 November 2015. Completion of the acquisition took place on 29 February 2016.

13. Part of the promissory notes were issued by the Company as the consideration for the acquisition of the entire issued share capital of Sun Finance Company Limited, which constitutes a very substantial acquisition and connected transaction on the part of the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, and was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 12 January 2018. Details of which were disclosed in the circular of the Company dated 22 December 2017. Completion of the acquisition took place on 31 January 2018.
14. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

Given that the account opening date of certain cash securities accounts and margin securities accounts maintained by the connected persons (the “**Connected Person(s)**”) of the Company with Sun International Securities Limited (“**SISL**”) are prior to 29 February 2016 (being the date on which SISL became a subsidiary of the Company), the provision of brokerage service and margin financing by SISL to such Connected Persons became continuing connected transactions on the part of the Company on 29 February 2016. As the Group has not entered into master service agreements with such Connected Persons to set out the annual cap and the term of the agreement, the Company was not in full compliance with the requirements under Chapter 20 of the GEM Listing Rules. The non-compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules was an inadvertent mistake and not committed intentionally.

All the cash securities accounts and margin securities accounts previously maintained by the Connected Persons with SISL were closed with effect from 21 May 2019 and all outstanding margin loan and the interest accrued thereon have been repaid in full on 17 May 2019.

To avoid any non-compliance with the GEM Listing Rules of similar nature in the future, the Group has implemented the following actions and procedures:–

- (i) the management of SISL will be required to provide the details of all securities account opening applications from the Connected Persons, in order to assess the implication under the GEM Listing Rules before approving any such applications;
- (ii) the Company will work more closely with its legal advisers on the compliance issues;
- (iii) relevant training will be provided to the management of SISL on the compliance with the relevant requirements for connected transactions under the GEM Listing Rules;
- (iv) when any Connected Person opens a securities account in SISL, the account executive of SISL will propose a commission rate for brokerage service and/or an interest rate for margin financing service which should be comparable to the commission rate and/or interest rate offered to other customers of the Group who are independent third parties. The operation department of SISL will check whether the proposed commission rate for brokerage service and/or the proposed interest rate for margin financing service to such Connected Person is no less favourable to the Group than the commission rates and/or the interest rates offered to other customers of the Group who are independent third parties and in accordance with the pricing policy of the Group from time to time;

- (v) the dealing department of SISL is responsible for the close monitoring of the trading transactions of the securities trading accounts of the Connected Persons from time to time so as to ensure the amount of margin loan amount, margin loan interest and/or brokerage commission will not exceed the relevant annual cap. After trading hours of the Stock Exchange on each trading day, the operation department of SISL will review the amount of the margin loan amount, margin loan interest and/or brokerage commission of the securities trading accounts held by the Connected Persons;
- (vi) the independent non-executive Directors will perform an annual review pursuant to Rule 20.53 of the GEM Listing Rules on whether the transactions contemplated under the relevant services agreement are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant services agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (vii) pursuant to Rule 20.54 of the GEM Listing Rules, the auditor of the Company will confirm, amongst other thing, (a) whether the transactions contemplated under the relevant services agreement have been approved by the Board; (b) whether the transactions contemplated under the relevant services agreement are in accordance with the pricing policies of the Group; (c) whether the transactions have been entered into in accordance with the relevant services agreement; and (d) whether the relevant annual cap has been exceeded.

Save as disclosed and amended above, all other information and contents in the Annual Reports remain unchanged.

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

Hong Kong, 31 October 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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