



**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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 2020**

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

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

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

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*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of posting and on the designated website of this Company at <http://www.sun8029.com/>.*

## **FINANCIAL SUMMARY (UNAUDITED)**

- Revenue of the Group was approximately HK\$17,558,000 for the three months ended 30 June 2020, representing a decrease of approximately 22% from the corresponding period in the previous fiscal year.
- For the three months ended 30 June 2020, gross profit of the Group was approximately HK\$16,501,000 as compared to the gross profit of approximately HK\$16,706,000 from the corresponding period in the previous fiscal year.
- Loss attributable to owners of the Company for the three months ended 30 June 2020 amounted to approximately HK\$4,481,000 as compared to loss of approximately HK\$20,000,000 from the corresponding period in the previous fiscal year.
- Total comprehensive income attributable to owners of the Company for the three months ended 30 June 2020 amounted to approximately HK\$2,835,000 as compared to loss of approximately HK\$14,432,000 from the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2020 (2019: Nil).

## CONSOLIDATED FIRST QUARTERLY RESULTS FOR 2020 (UNAUDITED)

The board of Directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

	Note	For the three months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Revenue	3	17,558	22,424
Direct costs		<u>(1,057)</u>	<u>(5,718)</u>
Gross Profit		16,501	16,706
Other operating income		1,613	314
Administrative expenses		(16,835)	(29,693)
Finance costs	4	<u>(5,644)</u>	<u>(7,150)</u>
Loss before taxation	5	(4,365)	(19,823)
Income tax expense	6	<u>(116)</u>	<u>(177)</u>
<b>Loss for the period</b>		(4,481)	(20,000)
<b>Other comprehensive income/(loss):</b>			
Currency translation differences		<u>7,316</u>	<u>5,568</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><u>2,835</u></u>	<u><u>(14,432)</u></u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<u><u>(4,481)</u></u>	<u><u>(20,000)</u></u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		<u><u>2,835</u></u>	<u><u>(14,432)</u></u>
Dividend	7	<u><u>–</u></u>	<u><u>–</u></u>
Loss per share (HK cents)	8		
Basic and diluted		<u><u>(0.21)</u></u>	<u><u>(0.92)</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its share are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at the reporting date, the ultimate and immediate holding company of the Company is First Cheer Holdings Limited (“First Cheer”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 50% by Mr. Chau Cheok Wa (“Mr. Chau”) and as to 50% by Mr. Cheng Ting Kong (“Mr. Cheng”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and all amounts are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

During the period ended 30 June 2020, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, trading of bloodstocks, provision of equine related services and investment in stallions.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The unaudited consolidated results have been prepared under the historical cost convention except for certain properties and certain financial instruments, which are measured at fair values.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2020 (except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA for the first time for the current period’s unaudited condensed consolidated financial statements of the Group). Except for HKFRS 16 “Lease”, the adoption of the new and revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2020. The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and therefore comparative figures were not restated. Upon application of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2020. The associated right-of-use assets were measured at the amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 March 2020.

The condensed consolidated results of the Group for the three months ended 30 June 2020 are unaudited but have been reviewed by the Company’s Audit Committee.

### 3. REVENUE

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers and is analysed as follows:

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial services	14,961	15,777
Equine services	2,597	6,647
	<u>17,558</u>	<u>22,424</u>

### 4. FINANCE COSTS

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Effective interest expenses on bonds and loans	662	628
Effective interest expenses on promissory notes	4,848	6,452
Interest on lease liabilities	134	70
	<u>5,644</u>	<u>7,150</u>

### 5. LOSS BEFORE TAXATION

	For the three months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee benefit expense:		
Directors' remuneration:		
– Directors' emoluments	1,069	979
– Salaries and other benefits	5,205	6,513
– Retirement benefit scheme contributions	352	417
	<u>6,626</u>	<u>7,908</u>

## 6. INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2019: 16.5%) and at the rates of taxation prevailing in the country in which the Group operates respectively.

	<b>For the three months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<u>116</u>	<u>177</u>
	<u><b>116</b></u>	<u><b>177</b></u>

## 7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2020 (2019: Nil).

## 8. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>For the three months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss attributable to owners of the Company for the purpose of basic and diluted loss	<u>(4,481)</u>	<u>(20,000)</u>
	<b>Number of shares</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><b>2,171,732,000</b></u>	<u>2,171,732,000</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Financial Performance

The Group recorded revenue of approximately HK\$17,558,000 for the three months ended 30 June 2020, representing a decrease of 22% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the disposal of an Australian subsidiary as compared with last fiscal year.

The direct costs were decreased to approximately HK\$1,057,000 from approximately HK\$5,718,000 compared with the same period last year.

Administrative expenses made a decrease of 43% to approximately HK\$16,835,000 compared to approximately HK\$29,693,000 in 2019. The decrease was mainly due to a decrease in exchange loss generated from equine services business during the period.

The loss attributable to owners of the Company for the three months ended 30 June 2020 was approximately HK\$4,481,000, a decrease of approximately HK\$15,519,000 or approximately 78% as compared with the corresponding period in the last fiscal year. Such decrease was mainly due to a decrease in exchange loss and administrative cost as compared with the corresponding period in the last fiscal year.

### Business Review

The Group has been operating in the equine business for years and the result is disappointing. As a result the Board disposed one of the subsidiaries in the equine segment (Completed in July 2019). The Board will continue reviewing the performance of equine segment and will take necessary action to improve the performance of the Group.

Following the acquisition of two money lending business in November 2015 and January 2018, and Sun International Securities Limited (“SISL”) and Sun International Asset Management Limited (“SIAML”) in February 2016, the Group can provide wide range of financial services. 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. While the Group continued to implement cost controls and to improve operating results, the Board also identified new and extra opportunities in the financial services segment.

### *Equine services*

The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. One of the subsidiaries in the equine segment, Sun Kingdom Pty Ltd, was disposed in July 2019. Sun Kingdom Pty Ltd mainly engages in bloodstocks trading and racing. The performance has been disappointing for the years. The Group considers such disposal will bring positive effect to the Group's performance. For the three months ended 30 June 2020, the revenue of the equine service segment was approximately HK\$2,597,000 (2019: HK\$6,647,000).

### *Financial services*

Following the escalation of the US-China trade dispute, the accelerated increase of US interest rate and the rise of protectionism, the International Monetary Fund (IMF) stated that great uncertainties will occur in the global stock and capital markets. The U.S. trade and fiscal policy may even hinder global economic growth. Hong Kong, being an open and outward-looking economy, is hard to be an exception for the situations. Nevertheless, we are all optimistic about a more clear picture and recovery of the economy will come eventually. 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.

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 (the "Purchaser"), entered into a sales and purchase agreement (the "Sale and Purchase Agreement") with Sun International Financial Group Limited (the "Vendor") to acquire the entire issued capital of SISL and SIAML (the "Target Companies"). 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 Target Companies, the Group acquired a money lending business in November 2015 and January 2018 with primary focus on equity financing and equity mortgage.

Since taking over of the operations of Target Companies 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.



## **Prospects**

Following the US-China trade dispute and the outbreak of COVID-19, the global economy and consumer confidence have been adversely affected. The worldwide stock index drops significantly in 2020 due to the drop of crude oil price and the market panic of the outbreak of the COVID-19. The crisis may have a material impact on our 2020 financial results and our development plan. The management foresees that there is full of challenging in 2020. On the other hand, this presents both opportunities and challenges for the financial services segment. 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. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the Board of directors would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

## **Liquidity and Financial Resources**

As of 30 June 2020, the Group's net asset is approximately HK\$121,903,000, compared with the net assets HK\$119,068,000 as of 31 March 2020. The cash and bank balances as of 30 June 2020 was approximately HK\$128,190,000, representing an increase of approximately 16% when compared with the balance as of 31 March 2020. During the three months ended 30 June 2020, the Group's operation was mainly financed by internal fund.

## **Charges on Group Assets**

As of 30 June 2020, no plant and equipment of the Group was held under finance lease (2019: Nil).

## **Foreign Exchange Exposure**

The income and expenditure of the Group are denominated in Hong Kong Dollars, and Australian Dollars. The Company has not entered into any foreign exchange hedging arrangement. The management is required to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The Group may use financial tools such as foreign exchange forward contracts, dual currency options etc. to manage the foreign exchange risks.

## **Employee Information**

The total number of employees was 62 as of 30 June 2020 (2019: 68), and the total remuneration for the three months ended 30 June 2020 was approximately HK\$6,626,000 (2019: HK\$7,908,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

## **Contingent Liabilities**

On 30 October 2018, Guangdong Higher People's Court (the "Guangdong Higher Court") has been directed by the Supreme People's Court of the PRC to hear the claims (the "Original Claims") made by Mr. Chiu Ming ("Mr. Chiu") and Diamond Ocean Development Limited ("Diamond Ocean") (collectively the "Original Plaintiffs") against, among others, Sun Finance, Mr. Cheng and Mr. Chau (collectively the "Original Defendants") in relation to, among others, an enforcement of the share charge in 2011 over certain shares (the "Diamond Ocean Share Charge") of a listed company (the "Listed Company") in Hong Kong provided by Diamond Ocean, being the security for a loan provided by Sun Finance to Diamond Ocean, which was alleged by the Original Plaintiffs to have infringed their rights. According to the Original Claims, the Original Plaintiffs requested the court to order the Original Defendants to compensate the Original Plaintiffs for direct economic loss of RMB500,000,000 and bear all the litigation costs. In addition, the Original Plaintiffs will seek compensation for indirect loss after the valuation company engaged by the court has assessed the assets of a PRC subsidiary (the "PRC Subsidiary") of the Listed Company.

On 3 July 2020, the PRC legal advisor of the Group received the amended form of claim (the "Amended Form of Claim") from the Guangdong Higher Court. For more information, please refer to note 50 to the consolidated financial statements of Annual Report 2020. Further announcement will be made for any important update or progress regarding the claims.

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

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

As of 30 June 2020, the interests and 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 corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (1) Long positions in the shares of the Company

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

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Cheng Ting Kong	Corporate ( <i>Note</i> )	1,436,260,290	Interest of a controlled corporation	66.13%

*Note:* 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.

### (2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 30 June 2020 were as follows:

Name of Director	Date of grant	Number of share option	Exercised during the year	Share Option lapsed	Exercise price of share options HK\$	Exercise period from	Exercise period until	Number of options outstanding as at 30 June 2020
Mr. Cheng Ting Kong	25/11/2010	1,251,250	-	-	1.120	25/11/2010	24/11/2020	1,251,250
Ms. Cheng Mei Ching	25/11/2010	12,581,250	-	-	1.120	25/11/2010	24/11/2020	12,581,250
	10/09/2014	1,391,400	-	-	0.315	10/09/2014	09/09/2024	1,391,400
Mr. Lui Man Wah	10/09/2014	13,941,000	-	-	0.315	10/09/2014	09/09/2024	13,941,000

Save as disclosed above, during the three months ended 30 June 2020, the Company grant no new share options for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the three months ended 30 June 2020, 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 by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

## **DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY**

Under the terms of the Share Option Scheme adopted by the Company on 5 December 2006, the board of Directors is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company.

Under the 2006 Share Option Scheme, no share option was granted or exercised during the three months ended 30 June 2020. Following the expiry of the 2006 Share Option Scheme on 4 December 2016, no further share option can be granted, but the provisions of the 2006 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2006 Share Option Scheme.

As of 30 June 2020, details of share options outstanding were as follows:

<b>Date of grant</b>	<b>At 1 April 2020</b>	<b>Exercised during the period</b>	<b>Lapsed during the period</b>	<b>At 30 June 2020</b>	<b>Exercise period of share options</b>	<b>Exercise price of share options</b>
25/11/2010	65,408,750	–	–	65,408,750	25/11/2010 to 24/11/2020	1.120
07/12/2010	12,635,714	–	–	12,635,714	07/12/2010 to 06/12/2020	1.260
10/09/2014	<u>29,219,400</u>	<u>–</u>	<u>–</u>	<u>29,219,400</u>	10/09/2014 to 09/09/2024	0.315
	<u>107,263,864</u>	<u>–</u>	<u>–</u>	<u>107,263,864</u>		

## **DIRECTORS' RIGHT TO ACQUIRE SHARES**

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

## DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 30 June 2020, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

### Long positions in the shares of the Company

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

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited ( <i>Note 1</i> )	Corporate	1,435,009,040	Beneficial owner	66.08%
Cheng Ting Kong ( <i>Note 1</i> )	Corporate	1,435,009,040	Interest of a controlled corporation	66.08%
Chau Cheok Wa ( <i>Note 1</i> )	Corporate	1,435,009,040	Interest of a controlled corporation	66.08%
Raywell Holdings Limited ( <i>Note 2</i> )	Corporate	135,430,000	Beneficial owner	6.24%
Yeung Hak Kan ( <i>Note 2</i> )	Corporate	135,430,000	Interest of a controlled corporation	6.24%

*Notes:*

1. 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 1,435,009,040 shares beneficially owned by First Cheer Holdings Limited.
2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 30 June 2020, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

Mr. Cheng Tin Kong is the executive director of the Group and also is the shareholder of Imperium Credit Limited ("ICC"), a private company incorporate in Hong Kong and is a licensed money lender engaged in money lending business. ICC competes or may compete, either directly or indirectly, with the business of the Group.

The Board considers that, having considered the facts that:

- (i) the Group is capable of, and does carry on its business independently of, and on an arm's length basis with the competing business of the ICC;
- (ii) the Company has established corporate governance procedures to ensure business opportunities and performance are independently assessed and reviewed from time to time;
- (iii) Mr. Cheng Tin Kong is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and
- (iv) The group have the first right of refusal in accepting or rejecting to provide services to the client, and Mr. Cheng Tin Kong only refer new clients to ICC after the group decide not to proceed with such client.

Since (i) all the major and important corporate actions of the Company are and will be fully deliberated and determined by the Board; and (ii) any director(s) who is/are or deemed to be interested in any proposed transaction(s) will have his/their interest fully disclosed and will abstain from voting at the relevant resolution(s) in accordance with the applicable requirements of the New Bye-laws of the Company, the Board is of the view that each of the Relevant Directors does not, by himself/herself or in an individual capacity, competes with the Company and/or the business of the Group. The Group's interest is adequately safeguarded.

## **COMPETITION AND CONFLICT OF INTERESTS**

Except of the above, as at 30 June 2020, none of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

## **AUDIT COMMITTEE**

The Company set up an audit committee (“Audit Committee”) on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Audit Committee comprised three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun, all of them are independent non-executive Directors and Mr. Tou Kin Chuen was appointed as the chairman of the Audit Committee. The results for the three months ended 30 June 2020 were reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the three months ended 30 June 2020.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period under review.

## **BOARD OF DIRECTORS**

As at the date of this 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.

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

Hong Kong, 13 August 2020