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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO MASTER SERVICE AGREEMENTS**

BACKGROUND

On 1 January 2020, SISL as service provider and Mr. Cheng as customer entered into the Existing Mr. Cheng Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

On 1 January 2020, SISL as service provider and Mr. Lui as customer entered into the Existing Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

MR. CHENG MASTER SERVICE AGREEMENT

On 15 December 2020 (after trading hours of the Stock Exchange), SISL as service provider and Mr. Cheng as customer entered into the Mr. Cheng Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service. Each of SISL and Mr. Cheng agrees that the Mr. Cheng Master Service Agreement shall supersede the Existing Mr. Cheng Master Service Agreement.

MR. LUI MASTER SERVICE AGREEMENT

On 15 December 2020 (after trading hours of the Stock Exchange), SISL as service provider and Mr. Lui as customer entered into the Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service. Each of SISL and Mr. Lui agrees that the Mr. Lui Master Service Agreement shall supersede the Existing Mr. Lui Master Service Agreement.

GEM LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Cheng is the chairman, an executive Director and a controlling shareholder of the Company, and hence is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the entering into of the Mr. Cheng Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) for the Mr. Cheng Master Service Agreement is more than 5% but less than 25% and the Mr. Cheng's Annual Caps is less than HK\$10,000,000, the Mr. Cheng Master Service Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements, but is exempt from circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

As at the date of this announcement, Mr. Lui is an executive Director, and hence is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the entering into of the Mr. Lui Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratio(s) for the Mr. Lui Master Service Agreement is less than 5% but the Mr. Lui's Annual Caps is more than HK\$3,000,000, the Mr. Lui Master Service Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements, but is exempt from circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

BACKGROUND

On 1 January 2020, SISL as service provider and Mr. Cheng as customer entered into the Existing Mr. Cheng Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

On 1 January 2020, SISL as service provider and Mr. Lui as customer entered into the Existing Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

As one or more of the applicable percentage ratio(s) for the Existing Mr. Cheng Master Service Agreement is less than 5% and all the annual caps under the Existing Mr. Cheng Master Service Agreement is less than HK\$3,000,000, the Existing Mr. Cheng Master Service Agreement and the transactions contemplated thereunder is fully exempt from reporting, annual review, announcement, circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) for the Existing Mr. Lui Master Service Agreement is less than 5% and all the annual caps under the Existing Mr. Lui Master Service Agreement is less than HK\$3,000,000, the Existing Mr. Lui Master Service Agreement and the transactions contemplated thereunder is fully exempt from reporting, annual review, announcement, circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

MR. CHENG MASTER SERVICE AGREEMENT

On 15 December 2020 (after trading hours of the Stock Exchange), SISL as service provider and Mr. Cheng as customer entered into the Mr. Cheng Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service. Each of SISL and Mr. Cheng agrees that the Mr. Cheng Master Service Agreement shall supersede the Existing Mr. Cheng Master Service Agreement.

The principal terms of the Mr. Cheng Master Service Agreement are summarized as below:

- Date : 15 December 2020
- Parties : (i) SISL, a wholly-owned subsidiary of the Company and the service provider; and
(ii) Mr. Cheng, the customer
- Term : A term commencing from the date of the Mr. Cheng Master Service Agreement and ending on 31 March 2023
- Provision of service : Pursuant to the Mr. Cheng Master Service Agreement, SISL intends to provide and Mr. Cheng intends to engage SISL to provide the Brokerage Service and the Margin Financing Service subject to the terms set out in the account opening documents entered into/to be entered into between SISL and Mr. Cheng.

For the provision of Brokerage Service to Mr. Cheng, the brokerage commission rates offered/to be offered by SISL to Mr. Cheng is/will be determined with reference to the then prevailing market price and practice of the major securities brokerage firms in the market and after considering the trading volume, creditworthiness and financial standing of clients and the prevailing market condition. The brokerage commission rates offered/to be offered to Mr. Cheng is/will be determined based on the same pricing methodology as stated above.

For the provision of the Margin Financing Service to Mr. Cheng, the margin finance ratios and margin finance interest rates offered/to be offered by SISL to Mr. Cheng is/will be determined with reference to the then prevailing market price and practice of the money lending corporations in the market. The margin finance ratios and margin finance interest rates may vary widely in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The margin finance ratios and margin finance interest rates offered/to be offered to Mr. Cheng is/will be determined based on the same pricing methodology as stated above.

The actual margin finance ratios, margin finance interest rates and/or brokerage commission rates offered and/or to be offered by the Group to Mr. Cheng shall be set out in the account opening documents, provided that such ratios and rates offered to Mr. Cheng shall be at the ratios and rates no less favourable to the Group than that offered to other customers of the Group who are Independent Third Parties with similar creditworthiness and financial standing for comparable engagement, in accordance with the relevant pricing policy of the Group.

Mr. Cheng's Annual Caps

Set out below are the Mr. Cheng's Annual Caps for the financial years ended 31 March 2021, 2022 and 2023:

	For the financial year ended 31 March		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin loan maximum amount	8,000	8,000	8,000
Margin finance interest	500	500	500
Brokerage commission	9,000	9,000	9,000

Historical transactions amounts under the Existing Mr. Cheng Master Service Agreement

Set out below are the historical transaction amounts under the Existing Mr. Cheng Master Service Agreement for the three months ended 31 March 2020 and for the eight months ended 30 November 2020:–

	For the three months ended 31 March 2020 <i>HK\$'000</i>	For the eight months ended 30 November 2020 <i>HK\$'000</i>
Margin loan maximum amount	0	854
Margin finance interest	0	1
Brokerage commission	0	2,840

Basis for determining the Mr. Cheng's Annual Caps

In determining the Mr. Cheng's Annual Caps for the transactions contemplated under the Mr. Cheng Master Service Agreement, the Group has taken into consideration the following factors, (i) the historical daily maximum amount of the margin loan advanced to Mr. Cheng; (ii) the historical margin finance interest from Mr. Cheng; (iii) the historical brokerage commission from Mr. Cheng; (iv) the prevailing condition of the securities market in Hong Kong; and (v) the anticipated increase demand for the Brokerage Service and the Margin Financing Service from Mr. Cheng.

MR. LUI MASTER SERVICE AGREEMENT

On 15 December 2020 (after trading hours of the Stock Exchange), SISL as service provider and Mr. Lui as customer entered into the Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service. Each of SISL and Mr. Lui agrees that the Mr. Lui Master Service Agreement shall supersede the Existing Mr. Lui Master Service Agreement.

The principal terms of the Mr. Lui Master Service Agreement are summarized as below:

- Date : 15 December 2020
- Parties : (i) SISL, a wholly-owned subsidiary of the Company and the service provider; and
(ii) Mr. Lui, the customer
- Term : A term commencing from the date of the Mr. Lui Master Service Agreement and ending on 31 March 2023
- Provision of service : Pursuant to the Mr. Lui Master Service Agreement, SISL intends to provide and Mr. Lui intends to engage SISL to provide the Brokerage Service and the Margin Financing Service subject to the terms set out in the account opening documents entered into/to be entered into between SISL and Mr. Lui.

For the provision of Brokerage Service to Mr. Lui, the brokerage commission rates offered/to be offered by SISL to Mr. Lui is/will be determined with reference to the then prevailing market price and practice of the major securities brokerage firms in the relevant market and after considering the trading volume, creditworthiness and financial standing of clients and the prevailing market condition. The brokerage commission rates offered/to be offered to Mr. Lui is/will be determined based on the same pricing methodology as stated above.

For the provision of the Margin Financing Service to Mr. Lui, the margin finance ratios and margin finance interest rates offered/to be offered by SISL to Mr. Lui is/will be determined with reference to the then prevailing market price and practice of the money lending corporations in the market. The margin finance ratios and margin finance interest rates may vary widely in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The margin finance ratios and margin finance interest rates offered/to be offered to Mr. Lui is/will be determined based on the same pricing methodology as stated above.

The actual margin finance ratios, margin finance interest rates and/or brokerage commission rates offered and/or to be offered by the Group to Mr. Lui shall be set out in the account opening documents, provided that such ratios and rates offered to Mr. Lui shall be at the ratios and rates no less favourable to the Group than that offered to other customers of the Group who are Independent Third Parties with similar creditworthiness and financial standing for comparable engagement, in accordance with the relevant pricing policy of the Group.

Mr. Lui's Annual Caps

Set out below are the Mr. Lui's Annual Caps for the financial years ended 31 March 2021, 2022 and 2023:

	For the financial year ended 31 March		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin loan maximum amount	9,800	9,800	9,800
Margin finance interest	1,500	1,500	1,500
Brokerage commission	1,000	1,000	1,000

Historical transactions amounts under the Existing Mr. Lui Master Service Agreement

Set out below are the historical transaction amounts under the Existing Mr. Lui Master Service Agreement for the three months ended 31 March 2020 and for the eight months ended 30 November 2020:–

	For the three	For the eight
	months ended	months ended
	31 March	30 November
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin loan maximum amount	2,719	2,970
Margin finance interest	8	78
Brokerage commission	71	315

Basis for determining the Mr. Lui's Annual Caps

In determining the Mr. Lui's Annual Caps for the transactions contemplated under the Mr. Lui Master Service Agreement, the Group has taken into consideration the following factors, (i) the historical daily maximum amount of the margin loan advanced to Mr. Lui; (ii) the historical margin finance interest from Mr. Lui; (iii) the historical brokerage commission from Mr. Lui; (iv) the prevailing condition of the securities market in Hong Kong; and (v) the anticipated increase demand for the Brokerage Service and the Margin Financing Service from Mr. Lui.

INTERNAL CONTROL PROCEDURES GOVERNING THE TRANSACTIONS UNDER THE MR. CHENG MASTER SERVICE AGREEMENT AND THE MR. LUI MASTER SERVICE AGREEMENT

The following internal control procedures have been established to ensure that the margin finance ratios, margin finance interest rates and brokerage commission rates offered to Mr. Cheng and Mr. Lui are no less favourable to the Group than that offered to other customers who are Independent Third Parties with similar creditworthiness and financial standing:

- (i) upon the opening of the margin account by Mr. Cheng and Mr. Lui with SISL, a customer service officer had performed checking on whether the proposed margin finance ratios, margin finance interest rates and brokerage commission rates offered to Mr. Cheng and Mr. Lui are comparable to the margin finance ratios, margin finance interest rates and brokerage commission rates offered to other customers of the Group who are Independent Third Parties, taking into consideration the trading volume, the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of Mr. Cheng and Mr. Lui. After checking by the customer service officer, the proposed margin finance ratios, margin finance interest rates and brokerage commission rates for Mr. Cheng and Mr. Lui were reviewed and approved by an independent responsible officer and a credit committee member in order to ensure such ratios and rates are no less favourable to the Group than that offered to other customers of the Group who are Independent Third Parties with similar creditworthiness and financial standing;
- (ii) the Group has identified certain securities brokerage firms and money lending corporations in the market which provide similar service with comparable operation scale. The Group had assigned the operating manager of SISL to review on a monthly basis the margin finance ratios, margin finance interest rates and brokerage commission rates offered to Mr. Cheng and Mr. Lui to ensure that they are (a) comparable with the prevailing ratios and rates offered by such potential competitors available to public; and (b) consistent with the pricing policy as set out in paragraph (i) above. The review result of the operating manager of SISL will be submitted to the financial team of the Company for internal control purpose;

- (iii) the independent non-executive Directors will perform an annual review pursuant to Rule 20.53 of the GEM Listing Rules on whether the Brokerage Service and the Margin Financing Service provided to Mr. Cheng and Mr. Lui are entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better, or on terms no less favourable to the Group than that offered to other customers which are Independent Third Parties with similar creditworthiness and financial standing; and (c) according to the Mr. Cheng Master Service Agreement and the Mr. Lui Master Service Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (iv) pursuant to Rule 20.54 of the GEM Listing Rules, the Company's auditor will confirm, amongst others things, whether (a) the Brokerage Service and the Margin Financing Service provided to Mr. Cheng and Mr. Lui have been approved by the Board; (b) the Brokerage Service and the Margin Financing Service provided to Mr. Cheng and Mr. Lui are in accordance with the pricing policies of the Group; (c) the Brokerage Service and the Margin Financing Service provided to Mr. Cheng and Mr. Lui are in accordance with the Mr. Cheng Master Service Agreement and the Mr. Lui Master Service Agreement; and (iv) the Mr. Cheng's Annual Caps and/or the Mr. Lui's Annual Caps have not been exceeded.

The Group will also monitor the maximum daily outstanding amount of margin loan advanced by the Group to Mr. Cheng and Mr. Lui, as well as the relevant margin loan interest income and brokerage commission receivable by the Group to ensure that the Mr. Cheng's Annual Caps and the Mr. Lui's Annual Caps would not be exceeded.

Based on the above procedures and policies, the Board considers that there are adequate internal controls in place to ensure the transactions under the Mr. Cheng Master Service Agreement and the Mr. Lui Master Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

REASONS FOR AND BENEFITS OF THE MR. CHENG MASTER SERVICE AGREEMENT AND THE MR. LUI MASTER SERVICE AGREEMENT

The Group is principally engaged in money lending, securities and futures brokerage, assets management services, provision of equine related services and investment in stallions.

In view of the higher-than-expected demand for the Brokerage Service and the Margin Financing Service from each of Mr. Cheng and Mr. Lui, and having considered the prevailing condition of the securities market in Hong Kong, both Mr. Cheng and Mr. Lui expect that their respective annual caps under the Existing Mr. Cheng Master Service Agreement and the Existing Mr. Lui Master Service Agreement may not be sufficient to meet their demand. Given that (i) the provision of the Brokerage Service and the Margin Financing Service is in the ordinary and normal course of business of the Group; (ii) it is the Group's policy to encourage its staff (including the Directors) to deal in securities through their securities trading accounts maintained with the Group, so as to

facilitate the management of the Group to closely monitor staff dealings on a daily basis; and (iii) without increasing the annual caps for the Brokerage Service and the Margin Financing Service for Mr. Cheng and Mr. Lui, Mr. Cheng and/or Mr. Lui may have to engage other securities firms for dealing in securities, the Directors (other than Mr. Cheng and Mr. Lui) are of the view that the terms of each of the Mr. Cheng Master Service Agreement and the Mr. Lui Master Service Agreement, and the transactions contemplated respectively thereunder (including the Mr. Cheng's Annual Caps and the Mr. Lui's Annual Caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Cheng is the chairman, an executive Director and a controlling shareholder of the Company, and hence is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the entering into of the Mr. Cheng Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) for the Mr. Cheng Master Service Agreement is more than 5% but less than 25% and the Mr. Cheng's Annual Caps is less than HK\$10,000,000, the Mr. Cheng Master Service Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements, but is exempt from circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

As at the date of this announcement, Mr. Lui is an executive Director, and hence is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the entering into of the Mr. Lui Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratio(s) for the Mr. Lui Master Service Agreement is less than 5% but the Mr. Lui's Annual Caps is more than HK\$3,000,000, the Mr. Lui Master Service Agreement and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements, but is exempt from circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

In view of his interests in the Mr. Cheng Master Service Agreement, Mr. Cheng has abstained from voting in respect of the relevant board resolution regarding the Mr. Cheng Master Service Agreement.

In view of his interests in the Mr. Lui Master Service Agreement, Mr. Lui has abstained from voting in respect of the relevant board resolution regarding the Mr. Lui Master Service Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Brokerage Service”	the brokerage service for trading of securities, futures and options contracts, placing, block trading, underwriting, and sub-underwriting for securities and other related services
“Company”	Sun International Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8029)
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Mr. Cheng Master Service Agreement”	the master service agreement dated 1 January 2020 and entered into between SISL as service provider and Mr. Cheng as customer in relation to the provision of the Brokerage Service and the Margin Financing Service, which shall be superseded by the Mr. Cheng Master Service Agreement
“Existing Mr. Lui Master Service Agreement”	the master service agreement dated 1 January 2020 and entered into between SISL as service provider and Mr. Lui as customer in relation to the provision of the Brokerage Service and the Margin Financing Service, which shall be superseded by the Mr. Lui Master Service Agreement
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person(s) or company(ies) who or which is/are independent of and not connected with the Company and its connected persons

“Margin Financing Service”	the margin loan financing service
“Mr. Cheng”	Mr. Cheng Ting Kong, the chairman, an executive Director and a controlling shareholder of the Company
“Mr. Cheng’s Annual Caps”	the annual caps of the brokerage commission, the margin loan maximum amount and the margin finance interest in relation to the provision of the Brokerage Service and the Margin Financing Service under the Mr. Cheng Master Service Agreement
“Mr. Cheng Master Service Agreement”	the master service agreement dated 15 December 2020 and entered into between SISL as service provider and Mr. Cheng as customer in relation to the provision of the Brokerage Service and the Margin Financing Service, which shall supersede the Existing Mr. Cheng Master Service Agreement
“Mr. Lui”	Mr. Lui Man Wah, an executive Director
“Mr. Lui’s Annual Caps”	the annual caps of the brokerage commission, the margin loan maximum amount and the margin finance interest in relation to the provision of the Brokerage Service and the Margin Financing Service under the Mr. Lui Master Service Agreement
“Mr. Lui Master Service Agreement”	the master service agreement dated 15 December 2020 and entered into between SISL as service provider and Mr. Lui as customer in relation to the provision of the Brokerage Service and the Margin Financing Service, which shall supersede the Existing Mr. Lui Master Service Agreement
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“SISL”	Sun International Securities Limited, an indirect wholly-owned subsidiary of the Company and a company licensed to carry out type 1 (dealing in securities), type 2 (dealing in future contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 15 December 2020

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