
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

FRESH SUCCESS INVESTMENTS LIMITED

(incorporated in the British Virgin Islands with limited liability)



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)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY RED SUN CAPITAL LIMITED FOR AND ON BEHALF OF FRESH SUCCESS INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN SUN INTERNATIONAL GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY FRESH SUCCESS INVESTMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror



紅日資本有限公司
RED SUN CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee of
Sun International Group Limited



Astrum Capital Management Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this Composite Document unless the content requires otherwise.

A letter from Red Sun Capital Limited, containing among other things, the details of the terms and conditions of the Offer, is set out on pages 6 to 13 of this Composite Document. A letter from the Board is set out on pages 14 to 20 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 21 to 22 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 23 to 51 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, 1 November 2021, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Overseas Shareholders" in the "Letter from Red Sun Capital" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

CONTENTS

	<i>Page</i>
Expected Timetable	ii
Important Notice	iii
Definitions	1
Letter from Red Sun Capital	6
Letter from the Board	14
Letter from the Independent Board Committee	21
Letter from the Independent Financial Adviser	23
Appendix I – Further Terms and Procedures of Acceptance of the Offer	I-1
Appendix II – Financial Information of the Group	II-1
Appendix III – General Information of the Group	III-1
Appendix IV – General Information of the Offeror	IV-1
Appendix V – Reports on the Profit Warning Announcement	V-1

Accompanying documents – Form of Acceptance

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document and the form of acceptance refer to Hong Kong date and time.

Despatch date of this Composite Document and the accompanying
Form of Acceptance and commencement date of the Offer (*Note 1*) Monday, 11 October 2021

Latest time and date for acceptance
of the Offer (*Notes 2, 3 and 5*) 4:00 p.m. on Monday, 1 November 2021

Closing Date (*Notes 2, 3 and 5*) Monday, 1 November 2021

Announcement of the results of the Offer (or its extension or
revision, if any) to be posted on the website of
the Stock Exchange and the Company (*Notes 3 and 5*) no later than 7:00 p.m. on Monday,
1 November 2021

Latest date for posting of remittances for the amount due
in respect of valid acceptances received under the Offer
on or before 4:00 p.m. on the Closing Date (*Notes 4 and 5*) Wednesday, 10 November 2021

Notes:

1. The Offer, which is unconditional, is open for acceptance on and from the date of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Monday, 1 November 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offer, in which the announcement will state either the next Closing Date or, a statement the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.

5. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. In such cases, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

IMPORTANT NOTICE

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payment due from such persons in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Red Sun Capital Limited, Astrum Capital Management Limited, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Red Sun Capital” in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Monday, 1 November 2021, the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“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)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Director(s)”	director(s) of the Company
“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Cheer”	First Cheer Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Mr. Cheng and as to 50% by Mr. Chau
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser” or “Astrum Capital Management”	Astrum Capital Management Limited, a corporation licensed by the SFC to conduct 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 by the Company and approved by the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 7 September 2021 in relation to, among other things, the Sale and Purchase Agreement, the Offer and the Undertakings
“Last Trading Day”	30 August 2021, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares pending the release of the Joint Announcement

DEFINITIONS

“Latest Practicable Date”	8 October 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Loan”	the unsecured loan in the principal amount of HK\$58 million and advanced by the lender to the Offeror
“Mr. Chau”	Mr. Chau Cheok Wa, the owner of 50% of the issued shares of First Cheer
“Mr. Cheng”	Mr. Cheng Ting Kong, the ultimate sole shareholder and the sole director of the Offeror, the chairman and an executive Director of the Company and the owner of 50% of the issued shares of First Cheer
“Offer”	the mandatory unconditional cash offer being made by Red Sun Capital on behalf of the Offeror to acquire all the Offer Shares
“Offeror”	Fresh Success Investments Limited, a company incorporated in the British Virgin Islands with limited liabilities which is ultimately wholly and beneficially owned by Mr. Cheng
“Offer Period”	the period commencing from 7 September 2021, being the date of the Joint Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.10 per Offer Share
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Optionholder(s)”	the holder(s) of the Share Options
“Overseas Shareholder(s)”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Profit Warning Announcement”	the profit warning announcement published by the Company dated 7 October 2021
“Promissory Note”	the two-year zero coupon promissory note issued by the Offeror to First Cheer in the aggregate principal amount of HK\$143,500,904 as the consideration under the Sale and Purchase Agreement
“Red Sun Capital”	Red Sun Capital Limited, a corporation licensed by the SFC to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer and the agent making the Offer on behalf of the Offeror
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 7 March 2021, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 August 2021 and entered into between First Cheer as vendor and the Offeror as purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	the 1,435,009,040 Shares transferred to the Offeror from First Cheer pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“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)”	holder(s) of the Share(s)
“Share Option(s)”	the share options granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 5 December 2006

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertakings”	the undertakings given by all the Optionholders in favour of the Offeror (i) not to exercise the conversion rights attached to the Share Options held by them; and (ii) not to accept the Offer if made by the Offeror in respect of the Share Options held by them
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM RED SUN CAPITAL



Unit 3303, 33/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

11 October 2021

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF
FRESH SUCCESS INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SUN INTERNATIONAL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
FRESH SUCCESS INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement. On 30 August 2021, after the trading hours, First Cheer and the Offeror entered into the Sale and Purchase Agreement, pursuant to which, First Cheer has agreed to sell and the Offeror has agreed to purchase an aggregate of 1,435,009,040 Sale Shares, representing approximately 62.82% of the total issued share capital of the Company as at the Latest Practicable Date. The consideration for the Sale Shares is HK\$143,500,904, which is equivalent to HK\$0.10 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on 30 August 2021.

Before Completion, First Cheer was interested in 1,435,009,040 Shares, representing approximately 62.82% of the total issued share capital of the Company as at the date of the Joint Announcement. First Cheer is owned as to 50% by Mr. Cheng and as to 50% by Mr. Chau. As Mr. Cheng and Mr. Chau were parties acting in concert with each other, each of them was deemed to be interested in 1,435,009,040 Shares prior to Completion.

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in a total of 1,435,009,040 Shares, representing approximately 62.82% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM RED SUN CAPITAL

The Undertakings

Pursuant to the Undertakings, all the Optionholders have irrevocably and unconditionally undertaken to and covenant with the Offeror (i) not to exercise the conversion rights attached to the Share Options held by them; and (ii) not to accept the Offer if made by the Offeror in respect of the Share Options held by them. The Undertakings will cease upon the close of the Offer. In view of the Undertakings and all the Share Options being not transferable, the Offer will not be extended to the Share Options. Details of the outstanding and exercisable Share Options are as follows:

Optionholder	Exercise period	Number of outstanding Share Options	Exercise price per Share
Ms. Cheng Mei Ching (an executive Director and the sibling of Mr. Cheng)	10/9/2014 to 9/9/2024	1,391,400	HK\$0.315
Mr. Lui Man Wah (an executive Director)	10/9/2014 to 9/9/2024	13,914,000	HK\$0.315
Mr. Lee Chi Shing, Caesar (a former executive Director from 14 August 2006 to 30 November 2015)	10/9/2014 to 9/9/2024	13,914,000	HK\$0.315

The Offeror confirms that the Offer Price is final and will not be increased.

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information on the Offeror, and the Offeror's intentions in relation to the Offer. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

The Offer

Red Sun Capital is making the Offer for and on behalf of the Offeror, to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code and on the terms set out below:

For each Offer Share HK\$0.10 in cash

LETTER FROM RED SUN CAPITAL

The Offer Price of HK\$0.10 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all aspects when it is made.

Comparison of value

The Offer Price of HK\$0.10 represents:

- (i) a discount of approximately 82.76% to the closing price of HK\$0.5800 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 80.00% to the closing price of HK\$0.5000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.35% to the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5090 per Share;
- (iv) a discount of approximately 81.29% to the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5345 per Share;
- (v) a discount of approximately 81.45% to the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5392 per Share;
- (vi) a premium of approximately 269.00% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.0271 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 March 2021, being the date to which the latest published audited financial results of the Group were made up; and
- (vii) a premium of approximately 45.77% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.0686 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 June 2021.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.570 per Share (on 9 April 2021) and HK\$0.420 per Share (on 6 August 2021), respectively.

LETTER FROM RED SUN CAPITAL

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Value of the Offer

Based on the Offer Price of HK\$0.10 per Offer Share and 2,284,254,768 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$228,425,476.8.

As at the Latest Practicable Date, excluding the total Shares of 1,435,009,040 Shares held by the Offeror and the parties acting in concert with it and assuming there is no change in the number of issued Shares before the close of the Offer, a total of 849,245,728 Shares will be subject to the Offer and the value of the Offer is HK\$84,924,572.8.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the entire consideration payable under the Offer partly through the shareholder's loan provided by Mr. Cheng, which, in turn, is financed by Mr. Cheng's own resource and partly by the Loan advanced by Kasier Financing Company Limited. The Loan has been drawn and deposited into the Offeror's securities account (the "**ESL Securities Account**") maintained with Elstone Securities Limited ("**ESL**") on 6 September 2021. Pursuant to the agreement in relation to the provision of the Loan, (i) any Offer Shares to be acquired under the Offer and financed by the Loan will be deposited into the ESL Securities Account to ensure the Offeror will have sufficient resources for the repayment of the Loan but will not be subject to any share charge in favour of the lender; and (ii) the Offeror undertakes and agrees that so long as any part of the Loan, the interest accrued thereon or any amount payable thereunder remains owing thereunder, the Offeror will deposit or procure the deposit of all the Offer Shares acquired under the Offer and financed by the Loan into the ESL Securities Account forthwith upon its acquisition thereof. The Offeror has control over the ESL Securities Account, save that pursuant to an irrevocable instruction dated 6 September 2021 from the Offeror to ESL, the Offeror irrevocably undertakes with ESL that the Loan in the principal amount of HK\$58 million deposited into the ESL Securities Account shall be for the sole purpose of satisfying the obligation of approximately HK\$58 million in relation to the Offer. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company. As at the Latest Practicable Date, both the lender of the Loan and ESL are ultimately wholly-owned by Mr. Yan Kam Cheong. Mr. Yan Kam Cheong does not have any other relationships with the Company or its connected persons in connection with the Offer.

Red Sun Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptances of the Offer.

LETTER FROM RED SUN CAPITAL

Condition to the Offer

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions before the close of the Offer.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

LETTER FROM RED SUN CAPITAL

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Red Sun Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Procedures for acceptance

Your attention is drawn to “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE OFFEROR

The Offeror is incorporated in the British Virgin Islands with limited liabilities, and is an investment holding company ultimately wholly and beneficially owned by Mr. Cheng, who is also the sole director of the Offeror.

INFORMATION ON MR. CHENG

Mr. Cheng is the chairman of the Board and an executive Director. Mr. Cheng is also the chairman and an executive director of Imperium Technology Group Limited (stock code: 776), the issued shares of which are listed on the main board of the Stock Exchange. Imperium Technology Group Limited and its subsidiaries are principally engaged in the manufacturing and sale of furnishings and home products, online game business, property investment, money lending business, esports business and provision of cloud computing and data storage services.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 8029). The Group is principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, digital currency mining and investment in stallions. Your attention is drawn to the sections headed “Information on the Group” in the “Letter from the Board” as set out on pages 14 to 20 of this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror has become the controlling Shareholder (as defined under the GEM Listing Rules). As at the Latest Practicable Date, the Offeror intends to continue the existing principal business of the Group. Upon close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s long-term development. Subject to the results of the aforesaid review, the Offeror

LETTER FROM RED SUN CAPITAL

may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or undertakings, whether formal or informal, to acquire any new business or dispose of/downsize the existing business of the Group. The Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Offeror has not indicated any intention to change the composition of the Board.

Any changes to the Board will be made in compliance with the Takeovers Code, the GEM Listing Rules and the articles of the Company and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

GENERAL

All documents and remittances to be sent to the Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders at their respective addresses as they appear in the registers of members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant registers.

The Offeror and parties acting in concert with it, the Company, Red Sun Capital, Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer, (i) will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith; and (ii) shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. For further details, please see the paragraph headed "Overseas Shareholders" in this letter.

LETTER FROM RED SUN CAPITAL

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document.

In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 22 years of experience in the corporate finance industry.

LETTER FROM THE BOARD



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
Mr. CHIM Tak Lai
Mr. CHOI Hon Keung Simon

Registered office:

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

Independent non-executive Directors:

Mr. CHAN Tin Lup, Trevor
Mr. TOU Kin Chuen
Mr. JIM Ka Shun

Head office and principal place of business

in Hong Kong:
Room 03, 26/F
One Harbour Square
No. 181 Hoi Bun Road
Kwun Tong
Hong Kong

11 October 2021

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF FRESH SUCCESS INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SUN INTERNATIONAL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
FRESH SUCCESS INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, the Company was informed by First Cheer and the Offeror that on 30 August 2021, after the trading hours, First Cheer and the Offeror entered into the Sale and Purchase Agreement pursuant to which First Cheer has agreed to sell and the Offeror has agreed to purchase an aggregate of 1,435,009,040 Sale Shares, representing approximately 62.82% of the total issued share capital of the Company as at the date of the Joint Announcement. The consideration for the Sale Shares is HK\$143,500,904, which is equivalent to HK\$0.10 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on 30 August 2021.

As at the Latest Practicable Date, the Company has 2,284,254,768 Shares in issue and 29,219,400 outstanding Share Options which entitle the holders thereof to subscribe for 29,219,400 new Shares and are not transferable. Save for the Share Options, the Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. Save for the Shares and the Share Options, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in a total of 1,435,009,040 Shares, representing approximately 62.82% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Pursuant to the Undertakings, all the Optionholders have irrevocably and unconditionally undertaken to and covenant with the Offeror (i) not to exercise the conversion rights attached to the Share Options held by them; and (ii) not to accept the Offer if made by the Offeror in respect of the Share Options held by them. The Undertakings will cease upon the close of the Offer. In view of the Undertakings and all the Share Options being not transferable, the Offer will not be extended to the Share Options.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offer; (ii) the letter from Red Sun Capital containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

As disclosed in the Joint Announcement, Astrum Capital Management Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer. Such appointment has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

THE OFFER

The following information about the Offer is extracted from the “Letter from Red Sun Capital” contained in this Composite Document.

The Offer

Red Sun Capital is making the Offer, on behalf of the Offeror, in compliance with the Takeovers Code on terms to be set out below:

For each Offer Share. HK\$0.10 in cash

The Offer Price of HK\$0.10 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all respects when made. The Offer Shares to be acquired under the Offer shall be free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions before the close of the Offer.

The Offer Price of HK\$0.10 represents:

- (i) a discount of approximately 82.76% to the closing price of HK\$0.5800 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 80.00% to the closing price of HK\$0.5000 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 80.35% to the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5090 per Share;
- (iv) a discount of approximately 81.29% to the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5345 per Share;
- (v) a discount of approximately 81.45% to the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5392 per Share;
- (vi) a premium of approximately 269.00% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.0271 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 March 2021, being the date to which the latest published audited financial results of the Group were made up; and
- (vii) a premium of approximately 45.77% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.0686 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 June 2021.

Highest and lowest trading prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.570 per Share (on 9 April 2021) and HK\$0.420 per Share (on 6 August 2021), respectively.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Red Sun Capital” and “Appendix I – Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the GEM of the Stock Exchange (stock code: 8029). The Group is principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, digital currency mining and investment in stallions.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date:

	Number of Shares	Approximate % of the issued Shares
The Offeror (<i>Note</i>)	1,435,009,040	62.82
Other public Shareholders	849,245,728	37.18
	<u>2,284,254,768</u>	<u>100.00</u>

Note: The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheng.

PROFIT WARNING ANNOUNCEMENT AND PROFIT FORECAST

Reference is made to the Profit Warning Announcement whereby, among others, it was announced that based on the assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2021, the Group is expected to record a loss attributable to owners of the Company for the six months ended 30 September 2021, as compared to a profit attributable to owners of the Company of approximately HK\$12.1 million for the period ended 30 September 2020 (the “**Profit Warning**”).

Following the commencement of its cryptocurrency mining activities in Kazakhstan in July 2021, the Group has successfully mined Bitcoin through its cryptocurrency mining activities. As at the date of the Profit Warning Announcement, the Group has disposed of part of Bitcoin mined. Notwithstanding the increase in revenue from disposal of Bitcoin, the Group is expected to record a loss attributable to owners of the Company for the six months ended 30 September 2021 mainly attributable to following factors:

- (i) the Group is expected to recognise an impairment loss for expected credit losses on trade receivables during the six months ended 30 September 2021 instead of the reversal of impairment losses for expected credit losses on trade receivables of approximately HK\$16.2 million for the six months ended 30 September 2020;
- (ii) the Group established the cryptocurrency mining segment during the six months ended 30 September 2021 and the Group incurred non-recurring expenses of approximately HK\$7.8 million during the relocation of the equipment for cryptocurrency mining from the People’s Republic of China to Kazakhstan. As a result, it is preliminarily expected that the cryptocurrency mining segment of the Group would incur a segment loss of approximately HK\$6.4 million for the six months ended 30 September 2021; and
- (iii) the overall decrease in total revenue from financial and equine services segment for the six months ended 30 September 2021 comparing with the six months ended 30 September 2020.

LETTER FROM THE BOARD

As disclosed in the Profit Warning Announcement, following the publication of the Joint Announcements, the Profit Warning included in the Profit Warning Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the Company's auditors and financial advisers pursuant to Rule 10.4 of the Takeovers Code. The Profit Warning has been reported on by HLB Hodgson Impey Cheng Limited (“**HLB**”), the auditors of the Company, and Astrum Capital Management, the Independent Financial Adviser to the Company. HLB has reported that, so far as the accounting policies and calculations are concerned, the Profit Warning has been properly compiled in accordance with the bases adopted by the Board as set out in this announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the audited consolidated financial statements of the Group for the year ended 31 March 2021. Astrum Capital Management is satisfied that the Profit Warning has been made by the Board with due care and consideration.

Your attention is drawn to the reports issued by HLB and Astrum Capital Management on the statement in the Profit Warning Announcement set out in Appendix V to this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror regarding the Group” in the “Letter from Red Sun Capital” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following Completion.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Offeror has not indicated any intention to change the composition of the Board.

Any changes to the Board will be made in compliance with the Takeovers Code, the GEM Listing Rules and the articles of the Company and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

LETTER FROM THE BOARD

As stated in the “Letter from Red Sun Capital” in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

CONFLICT OF INTEREST

As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Cheng, being an executive Director and the chairman of the Board. To avoid any conflict of interest, Mr. Cheng will not join with the remainder of the Board in the expression of its views on the Offer.

RECOMMENDATIONS

None of the members of the Independent Board Committee is interested in or involved in the Offer.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 21 to 22 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 23 to 51 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further terms and procedures of acceptance of the Offer” set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By order of the Board of
SUN INTERNATIONAL GROUP LIMITED
Chim Tak Lai
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

11 October 2021

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF
FRESH SUCCESS INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SUN INTERNATIONAL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
FRESH SUCCESS INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 11 October 2021 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Astrum Capital Management Limited has been appointed as the independent financial adviser with our approval to advise us in this respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 23 to 51 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the sections headed “Letter from Red Sun Capital”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having taken into account the advice and recommendations of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser”, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are not fair and not reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders not to accept the Offer.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer. In addition, Independent Shareholders who wish to realise their investment in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as having taken into account the thin historical trading volume of the Shares on the Stock Exchange as they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,

Independent Board Committee

Sun International Group Limited

Mr. Chan Tin Lup, Trevor
*Independent non-executive
Director*

Mr. Tou Kin Chuen
*Independent non-executive
Director*

Mr. Jim Ka Shun
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Astrum Capital Management Limited

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

11 October 2021

*To the Independent Board Committee of
Sun International Group Limited*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
RED SUN CAPITAL LIMITED FOR AND ON BEHALF OF
FRESH SUCCESS INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SUN INTERNATIONAL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
FRESH SUCCESS INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) of Sun International Group Limited (the “**Company**”) in relation to the mandatory unconditional cash offer (the “**Offer**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by Fresh Success Investments Limited (the “**Offeror**”) and parties acting in concert with it) being made by Red Sun Capital Limited (“**Red Sun Capital**”) for and on behalf of the Offeror. Details of the Offer are disclosed in the composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company dated 11 October 2021 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 30 August 2021 (after the trading hours), First Cheer and the Offeror entered into the Sale and Purchase Agreement pursuant to which First Cheer has agreed to sell and the Offeror has agreed to purchase an aggregate of 1,435,009,040 Sale Shares, representing approximately 62.82% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The consideration for the Sale Shares is HK\$143,500,904, which is equivalent to HK\$0.10 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on 30 August 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company had 2,284,254,768 Shares in issue and 29,219,400 outstanding Share Options which entitle the holders thereof to subscribe for 29,219,400 new Shares and are not transferable. Save for the Share Options, the Company did not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. Save for the Shares and the Share Options, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Before Completion, First Cheer was interested in 1,435,009,040 Shares, representing approximately 62.82% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. First Cheer is owned as to 50% by Mr. Cheng and as to 50% by Mr. Chau. As Mr. Cheng and Mr. Chau were parties acting in concert with each other, each of them was deemed to be interested in 1,435,009,040 Shares prior to Completion. Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in a total of 1,435,009,040 Shares, representing approximately 62.82% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Pursuant to the Undertakings, all the Optionholders have irrevocably and unconditionally undertaken to and covenant with the Offeror (i) not to exercise the conversion rights attached to the Share Options held by them; and (ii) not to accept the Offer if made by the Offeror in respect of the Share Options held by them. The Undertakings will cease upon the close of the Offer. In view of the Undertakings and all the Share Options being not transferable, the Offer will not be extended to the Share Options.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all 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 the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

INDEPENDENCE DECLARATION

During the last two years, we have acted as (i) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Chau (who is the beneficial owner of 50% of the issued share capital of First Cheer) is the executive director, chairman of board of directors and controlling shareholder, in respect of certain connected transactions; and (ii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng (who is the ultimate sole shareholder of the Offeror) is the executive director, chairman of board of directors and one of the controlling shareholders, in respect of a connected transaction. In addition, during the last two years, we have acted, and are acting as, the independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

financial adviser of a listed company on the Stock Exchange, where Mr. Cheng is one of the controlling shareholders and Mr. Chau is the non-executive director, chairman of board of directors and one of the controlling shareholders, in respect of certain connected transactions. In view of the fact that each of the aforementioned engagements was an individual appointment of Astrum Capital Management Limited to act as independent financial adviser for providing independent opinion to the independent board committee and the independent shareholders in connection with different transactions, we are of the view that none of the previous engagements shall jeopardize our independence nor cause Astrum Capital Management Limited to have conflict of interest in acting as the independent financial adviser to the Independent Board Committee regarding the Offer.

Save as disclosed above, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, the Offeror, Mr. Cheng, First Cheer, Mr. Chau, or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates, and/or any party acting, or presumed to be acting, in concert with any of them. In the last two years prior to the commencement of the Offer Period, there was no engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for this engagement, 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 the GEM Listing Rules and the Takeovers Code to act as the independent financial adviser to the Independent Board Committee in connection with the Offer.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others, the Joint Announcement, the annual reports of the Company for the years ended 31 March 2020 and 31 March 2021 (the “**2019/20 Annual Report**” and “**2020/21 Annual Report**”, respectively), the first quarterly report of the Company for the three months ended 30 June 2021 (the “**2021/22 First Quarterly Report**”), the profit warning announcement of the Company dated 7 October 2021 (the “**Profit Warning Announcement**”), the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021, and the information contained in the Composite Document. We have also discussed with and reviewed the information provided by the management of the Group (the “**Management**”) regarding the business and outlook of the Group.

We have relied on the information and facts provided, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications to the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders, who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings, should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

Red Sun Capital, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.10 in cash

The Offer Price of HK\$0.10 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Based on the Offer Price of HK\$0.10 per Offer Share and 2,284,254,768 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$228,425,476.8. As at the Latest Practicable Date, excluding the total Shares of 1,435,009,040 Shares held by the Offeror and the parties acting in concert with it and assuming there is no change in the number of issued Shares before the close of the Offer, a total of 849,245,728 Shares will be subject to the Offer and the value of the Offer is HK\$84,924,572.8.

The Offer is unconditional in all aspects when it is made.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the “Letter from Red Sun Capital” as set out on pages 6 to 13 of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. *Business of the Group*

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, digital currency mining and investment in stallions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 March 2019, 31 March 2020 and 31 March 2021 (“**FY2018/19**”, “**FY2019/20**” and “**FY2020/21**”, respectively) as extracted from the 2019/20 Annual Report and the 2020/21 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the three months ended 30 June 2020 and 30 June 2021 (“**1Q2020/21**” and “**1Q2021/22**”, respectively) as extracted from the 2021/22 First Quarterly Report:

Table 1: Financial information of the Group

	FY2018/19	FY2019/20	FY2020/21	1Q2020/21	1Q2021/22
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	119,216	98,073	63,724	17,558	11,250
– Equine services	46,538	26,443	21,999	2,597	561
– Financial services	72,678	71,630	41,725	14,961	10,255
– Rental Income	–	–	–	–	434
Gross Profit	81,108	91,408	57,332	16,501	10,832
(Loss) before tax	(102,981)	(60,227)	(57,452)	(4,365)	(6,605)
(Loss) attributable to owners of the Company for the year/period	(105,538)	(60,485)	(61,928)	(4,481)	(6,605)
	As at 31 March 2019	As at 31 March 2020	As at 31 March 2021		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
	(audited)	(audited)	(audited)		
Non-current assets		143,957	93,475	65,529	
Current assets		506,703	465,135	325,358	
Current (liabilities)		(463,843)	(261,890)	(159,771)	
Net current assets		42,860	203,245	165,587	
Non-current (liabilities)		(371,847)	(186,156)	(169,137)	
Equity attributable to owners of the Company		(185,030)	110,564	61,979	

Source: the 2019/20 Annual Report, the 2020/21 Annual Report and the 2021/22 First Quarterly Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *For the year ended 31 March 2020 (i.e. FY2019/20)*

In FY2019/20, the Group recorded total revenue of approximately HK\$98.1 million, representing a decline of approximately 17.7% as compared to approximately HK\$119.2 million in FY2018/19. Such deterioration was mainly attributable to the decrease in revenue generated from the equine services segment of approximately HK\$20.1 million, which was, in turn, due to (i) the decrease in sales of biological assets of approximately HK\$14.6 million; (ii) the decrease in stallions service income of approximately HK\$3.8 million; and (iii) the decrease in biological assets handling services income of approximately HK\$1.7 million. The Group's gross profit increased by approximately 12.7% from approximately HK\$81.1 million in FY2018/19 to approximately HK\$91.4 million in FY2019/20. As advised by the Management, such increase in gross profit was mainly due to the decrease in direct cost of the Group's horse trading business from approximately HK\$37.1 million in FY2018/19 to approximately HK\$5.4 million in FY2019/20, mainly as a result of the disposal (the "Disposal") of entire issued share capital of Sun Kingdom Pty Ltd to Prestige Summit Investments Limited (which is ultimately wholly-owned by Mr. Cheng) which was completed during FY2019/20.

In FY2019/20, the Group recorded loss attributable to owners of the Company of approximately HK\$60.5 million, representing a significant decrease of approximately 42.7% as compared to approximately HK\$105.5 million in FY2018/19. Such decrease was mainly attributable to (i) the decrease in net foreign exchange loss of approximately HK\$24.3 million; (ii) the decrease in finance costs of approximately HK\$22.0 million; (iii) the increase in gross profit of approximately HK\$10.3 million; and (iv) the recognition of reversal of allowance for expected credit loss of approximately HK\$7.6 million in FY2019/20 (FY2018/19: provision of allowance for expected credit loss of approximately HK\$14.9 million), which was partially offset by (i) the increase in impairment loss recognised in respect of goodwill of approximately HK\$19.7 million; and (ii) the recognition of fair value loss of biological assets, net, of approximately HK\$8.1 million in FY2019/20 (FY2018/19: fair value gain of approximately HK\$6.6 million).

The total assets of the Group decreased by approximately HK\$92.1 million from approximately HK\$650.7 million as at 31 March 2019 to approximately HK\$558.6 million as at 31 March 2020. The total assets of the Group as at 31 March 2020 mainly comprised (i) cash held on behalf of customers of approximately HK\$194.5 million (31 March 2019: approximately HK\$121.0 million); (ii) cash and cash equivalents of approximately HK\$110.5 million (31 March 2019: approximately HK\$110.5 million); (iii) advances to customers in margin financing of approximately HK\$82.7 million (31 March 2019: approximately HK\$78.3 million); (iv) trade receivables of approximately HK\$37.5 million (31 March 2019: approximately HK\$18.6 million); and (v) property, plant and equipment of approximately HK\$34.4 million (31 March 2019: approximately HK\$42.6 million).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total liabilities of the Group decreased by approximately HK\$387.6 million from approximately HK\$835.7 million as at 31 March 2019 to approximately HK\$448.0 million as at 31 March 2020. The total liabilities of the Group as at 31 March 2020 mainly comprised (i) trade payables of approximately HK\$208.1 million (31 March 2019: approximately HK\$143.4 million); (ii) promissory notes of approximately HK\$183.3 million (31 March 2019: approximately HK\$474.9 million); (iii) medium-term bonds of approximately HK\$26.6 million (31 March 2019: approximately HK\$34.3 million); and (iv) accruals and other payables of approximately HK\$24.1 million (31 March 2019: approximately HK\$58.7 million).

The Company recorded equity attributable to owners of the Company of approximately HK\$110.6 million as at 31 March 2020 as compared to a deficit of approximately HK\$185.0 million as at 31 March 2019. Such improvement was mainly attributable to (i) the issue of new shares of approximately HK\$268.8 million in FY2019/20; and (ii) the deemed capital contribution from the controlling shareholders of the Company of approximately HK\$92.8 million in FY2019/20 (including but not limited to (a) gain on the Disposal of approximately HK\$14.0 million; (b) waiver of interest accrued from promissory notes due to First Cheer of approximately HK\$13.7 million; and (c) gain on modification of terms of promissory notes due to First Cheer of approximately HK\$70.7 million) (please refer to the circular of the Company dated 6 June 2019 for further details), which was partially offset by the loss attributable to owners of the Company of approximately HK\$60.5 million recorded in FY2019/20.

(ii) For the year ended 31 March 2021 (i.e. FY2020/21)

In FY2020/21, the Group recorded total revenue of approximately HK\$63.7 million, representing a substantial decline of approximately 35.0% as compared to approximately HK\$98.1 million in FY2019/20. Such deterioration was mainly attributable to the decrease in revenue generated from the financial services segment of approximately HK\$29.9 million, which was, in turn, predominately due to (i) the decrease in interest income from loan receivables of approximately HK\$18.3 million; and (ii) the decrease in fee and commission income from securities brokerage of approximately HK\$15.8 million. As a result of the decrease in revenue, the Group's gross profit decreased by approximately 37.3% from approximately HK\$91.4 million in FY2019/20 to approximately HK\$57.3 million in FY2020/21. In FY2020/21, the Group recorded loss attributable to owners of the Company of approximately HK\$61.9 million, representing a slight increase of approximately 2.4% as compared to approximately HK\$60.5 million in FY2019/20.

The total assets of the Group decreased by approximately HK\$167.7 million from approximately HK\$558.6 million as at 31 March 2020 to approximately HK\$390.9 million as at 31 March 2021. The total assets of the Group as at 31 March 2021 mainly comprised (i) cash held on behalf of customers of approximately HK\$119.3 million (31 March 2020: approximately HK\$194.5 million); (ii) cash and cash equivalents of approximately HK\$106.9 million (31 March 2020: approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HK\$110.5 million); (iii) advances to customers in margin financing of approximately HK\$55.0 million (31 March 2020: approximately HK\$82.7 million); and (iv) investment properties of approximately HK\$43.2 million (31 March 2020: nil).

The total liabilities of the Group decreased by approximately HK\$119.1 million from approximately HK\$448.0 million as at 31 March 2020 to approximately HK\$328.9 million as at 31 March 2021. The total liabilities of the Group as at 31 March 2021 mainly comprised (i) promissory notes of approximately HK\$162.3 million (31 March 2020: approximately HK\$183.3 million); (ii) trade payables of approximately HK\$127.1 million (31 March 2020: approximately HK\$208.1 million); and (iii) accruals and other payables of approximately HK\$29.5 million (31 March 2020: approximately HK\$24.1 million).

The equity attributable to owners of the Company decreased from approximately HK\$110.6 million as at 31 March 2020 to approximately HK\$62.0 million as at 31 March 2021. Such decrease was mainly due to the loss attributable to owners of the Company of approximately HK\$61.9 million recorded in FY2020/21.

(iii) For the three months ended 30 June 2021 (i.e. 1Q2021/22)

On 31 March 2021, the Group restructured its equine business by leasing out certain lands and farm in Australia, which was previously occupied and operated by the Group, under operating leases to an independent third party (the “**Tenant**”) for a period of five years (the “**Restructuring**”). The Tenant will also manage the stallions held by the Group under certain profit sharing scheme. The Restructuring contributed rental income of approximately HK\$0.4 million to the Group in 1Q2021/22, representing approximately 3.9% of the Group’s total revenue in 1Q2021/22, while the revenue generated from the equine services segment decreased by approximately 78.4% from approximately HK\$2.6 million in 1Q2020/21 to approximately HK\$0.6 million in 1Q2021/22. Please refer to the 2021-22 First Quarterly Report for further details on the Restructuring.

In 1Q2021/22, the Group recorded total revenue of approximately HK\$11.3 million, representing a notable decline of approximately 35.9% as compared to approximately HK\$17.6 million in 1Q2020/21. Such deterioration was mainly attributable to (i) the decrease in revenue generated from financial services segment of approximately HK\$4.7 million; and (ii) the decrease in revenue generated from the equine services segment of approximately HK\$2.0 million. In line with the decline in revenue, the Group’s gross profit decreased by approximately 34.4% from approximately HK\$16.5 million in 1Q2020/21 to approximately HK\$10.8 million in 1Q2021/22.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In 1Q2021/22, the Group recorded loss attributable to owners of the Company of approximately HK\$6.6 million, representing a significant increase of approximately 47.4% as compared to approximately HK\$4.5 million in 1Q2020/21. Such deterioration was primarily attributable to the decrease in gross profit of approximately HK\$5.7 million, which was partially offset by (i) the decrease in administrative expenses of approximately HK\$2.3 million; and (ii) the decrease in finance costs of approximately HK\$1.3 million.

(iv) *Business Update*

On 26 March 2021 (after trading hours), the Group entered into sale and purchase agreements with two independent third parties (the “**Vendors**”) in relation to the proposed purchase of an aggregate of 2,082 units of cryptocurrency mining equipment (the “**Purchase of Mining Equipment**”) at the aggregate consideration of approximately HK\$100.0 million (the “**Equipment Consideration**”). The Purchase of Mining Equipment completed on 30 April 2021 and an aggregate of 112,522,768 new Shares were allotted and issued by the Company to the Vendors for settlement of the Equipment Consideration. Please refer to the announcements of the Company dated 26 March 2021, 22 April 2021 and 30 April 2021 for further details.

As disclosed in the announcements of the Company dated 24 May 2021 and 7 July 2021, in light of the statement made by the State Council’s Financial Stability and Development Committee of the PRC on 21 May 2021 on Bitcoin mining and trading activities, the Group instructed the relevant service provider to suspend the cryptocurrency miner operating service in the PRC. Subsequently, the Company relocated its equipment for cryptocurrency mining from Inner Mongolia, the PRC to Kazakhstan and commenced its cryptocurrency mining activities in Kazakhstan.

As disclosed in the Profit Warning Announcement, based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021, the business operation and information of the Group currently available to the Directors as at the date of the Profit Warning Announcement, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$16 million for the six months ended 30 September 2021 (“**1H2021/22**”), as compared to a profit attributable to owners of the Company of approximately HK\$12.1 million for the six months ended 30 September 2020 (“**1H2020/21**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following the commencement of the Group's cryptocurrency mining activities in Kazakhstan in July 2021, the Group has successfully mined Bitcoin through its cryptocurrency mining activities. As at the date of the Profit Warning Announcement, the Group has disposed of part of Bitcoin mined. Notwithstanding the increase in revenue from the disposal of Bitcoin, the Group is expected to record a loss attributable to owners of the Company for 1H2021/22 mainly attributable to the following factors:

- (i) the Group is expected to recognise an impairment loss for expected credit losses on trade receivables during 1H2021/22 instead of the reversal of impairment losses for expected credit losses on trade receivables of approximately HK\$16.2 million for 1H2020/21;
- (ii) the Group established the cryptocurrency mining segment during 1H2021/22 and the Group incurred non-recurring expenses of approximately HK\$7.8 million during the relocation of the equipment for cryptocurrency mining from the PRC to Kazakhstan. As a result, it is preliminarily expected that the cryptocurrency mining segment of the Group would incur a segment loss of approximately HK\$6.4 million for 1H2021/22; and
- (iii) the overall decrease in total revenue from financial and equine services segment for 1H2021/22 comparing with 1H2020/21.

As advised by the Management, after deducting the relocation expenses (which is non-recurring) of approximately HK\$7.8 million, the Management expected that the cryptocurrency mining business of the Group would record a segment profit to the Group for 1H2021/22. Therefore, the Management believes that the cryptocurrency mining business of the Group will contribute positively to the financial performance of the Group in the future.

(v) *Analysis*

Notwithstanding that the Group has commenced its cryptocurrency mining activities in Kazakhstan in July 2021, having considered (i) the substantial decline in the Group's gross profit in FY2020/21 and 1Q2021/22 as compared to FY2019/20 and 1Q2020/21, respectively; and (ii) the expected loss of not less than HK\$16 million for 1H2021/22 as disclosed in the Profit Warning Announcement; and (iii) the continuous loss-making position of the Group for the last three financial years, it is uncertain as to whether the Group can improve its financial performance in the near future. Those Independent Shareholders who wish to retain some or all of the Shares should consider the past financial performance of the Group and the business prospects of the Group as detailed in the paragraph headed "C. Business prospects of the Group" below, or otherwise are reminded to closely monitor the development of the Group and the publications of the Company (including the Composite Document) in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(vi) *Dividend payout*

In June 2011, the Board declared a final dividends of HK\$0.015 per Share for the year ended 31 March 2011 (the “**FY2010/11 Dividends**”). Save for the FY2010/11 Dividends, the Board did not declare any dividend since the listing of Shares on GEM in December 2000. Given that (i) save for the FY2010/11 Dividends, the Board did not declare any dividend since the listing of Shares on GEM in December 2000; (ii) the unsatisfactory financial performance of the Group in the past three years as discussed above; (iii) the forthcoming challenging business environment as mentioned in the paragraph headed “C. Business prospects of the Group” below; and (iv) the intention of the Offeror to continue the existing principal business of the Group as mentioned in the paragraph headed “B. Intention of the Offeror on the Group” under the section headed “3. Information on the Offeror and the intention of the Offeror in relation to the Group” below, there is no guarantee that the Company will pay dividends to the Shareholders in future.

C. *Business prospects of the Group*

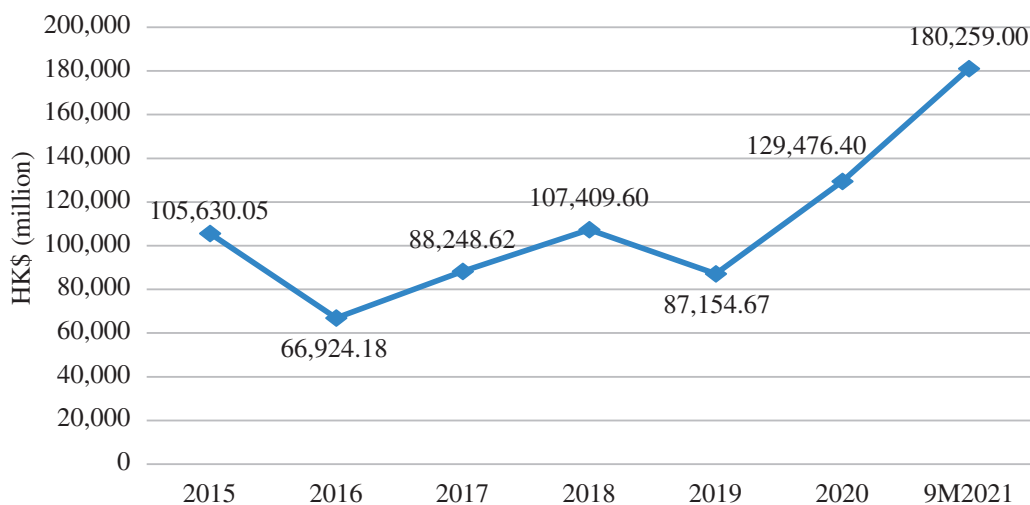
As mentioned in the Letter from the Board, the Group is principally engaged in money lending, securities and futures brokerage, assets management services, properties investment, digital currency mining and investment in stallions. Given that (i) the Group has conducted the Restructuring in March 2021 and has leased out certain land and farm in Australia, which was previously self-occupied and operated in the equine segment, to the Tenant for a period of five years with an annual rental income of approximately HK\$1.8 million; (ii) under the Restructuring, the Tenant would also manage the stallions held by the Group under certain profit sharing scheme, which contributed revenue of approximately HK\$0.56 million to the Group in 1Q2021/22, representing merely approximately 5.0% of the Group’s total revenue; (iii) as at the Latest Practicable Date, the Group did not have any concrete plan for material investments or capital injection into its equine services business (such as acquisition of new stallions) in the coming twelve months, the Management expected that the revenue of the Group to be generated from its equine business under the profit sharing scheme with the Tenant will significantly decrease as compared to the Group’s self-operated equine services business prior to the Restructuring. Therefore, we focused to conduct research on the prospect of (i) the financial services industry in Hong Kong (the “**Financial Services Industry**”); and (ii) the cryptocurrency mining industry (the “**Cryptocurrency Mining Industry**”) through public domains.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Financial Services Industry

According to the FY2020/21 Annual Report, the Group's fee and commission income generated from financial services represents the major source of revenue to the Group. Set out below is the chart showing the average daily turnover value on the Stock Exchange from 2015 to 2020 and for the nine months ended 30 September 2021 ("9M2021"):

Chart 1: Average daily turnover value on the Stock Exchange

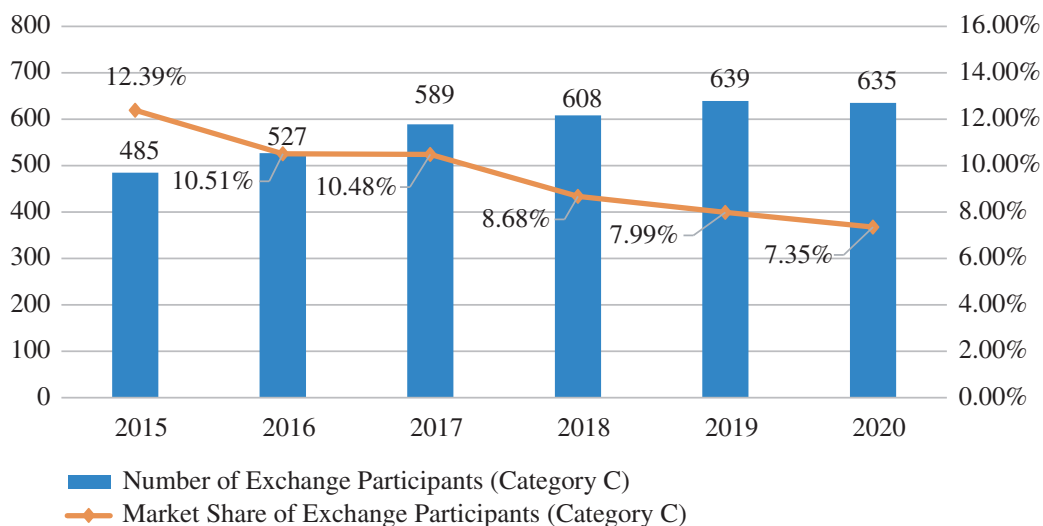


Source: HKEx Fact Books

As shown in Chart 1 above, the average daily turnover value on the Stock Exchange fluctuated within the range of approximately HK\$66,924.18 million to approximately HK\$129,476.4 million during the period from 2015 to 2020. According to the latest HKEx Monthly Market Highlights published by the Stock Exchange, the average daily turnover value for 9M2021 amounted to approximately HK\$180,259 million, representing an increase of approximately 43.4% as compared to approximately HK\$125,716 million for the same period in 2020. Even though the average daily turnover value reached the peak of approximately HK\$129,476.4 million in 2020 and further increased to approximately HK\$180,259 million for 9M2021, it is still uncertain as to whether the growth in the average daily turnover value can be sustained given the fluctuations in the past few years. Such fluctuations may introduce volatility to the Group's revenue from securities and futures brokerage business and contribute to an unstable revenue source to the Group's financial services segment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Chart 2: Number of Category C Exchange Participants and the market share of Category C Exchange Participants from 2015 to 2020



Source: HKEx Fact Books

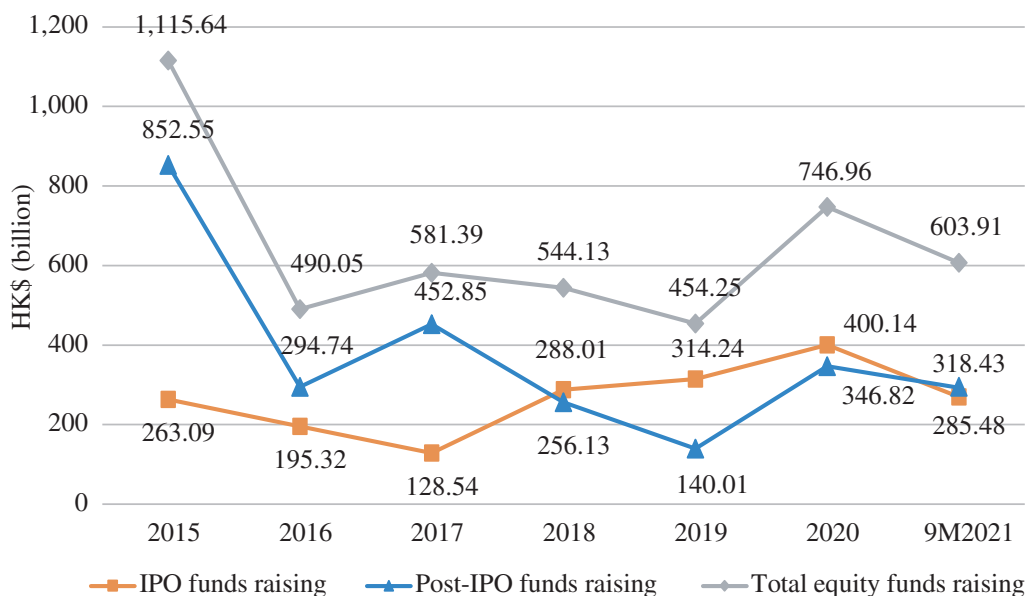
As shown in Chart 2 above, the number of Exchange Participants in Category C (which categorised brokers who are Stock Exchange participants that ranked below 65th in term of their turnover value of securities trading on the Stock Exchange (including Sun International Securities Limited, a wholly-owned subsidiary of the Company)) increased steadily from 485 as at 31 December 2015 to 635 as at 31 December 2020, representing a compound annual growth rate of approximately 5.5%. According to the HKEx Fact Books, the market share of the Category C Exchange Participants demonstrated a downward trend, which declined from approximately 12.39% for the year ended 31 December 2015 to approximately 7.35% for the year ended 31 December 2020. According to the HKEx Fact Book 2020, the brokerage business in Hong Kong was dominated by the top 14 Exchange Participants with approximately 58.15% of the total market share for the year ended 31 December 2020 while the average market share per each Category C Exchange Participant was only approximately 0.01% of the total market share for the year ended 31 December 2020. Given the growing number of Exchange Participants, coupled with the diminishing market share of Category C Exchange Participants, competition is considered to be highly fierce in the securities dealing and brokerage services industry.

As advised by the Management, the Group also acted as a placing agent or underwriter for companies listed or to be listed on the Stock Exchange for their fund raising exercises, including initial public offering (“**IPO**”), rights issue, open offer or placing of new or existing shares or bonds. Thus, apart from the change in the average daily turnover value on the Stock

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Exchange, the total amount of equity funds raised on the Stock Exchange is also considered to be another crucial element in determining the prospect of the Group's financial services segment.

Chart 3: Total amount of equity funds raising on the Stock Exchange



Source: HKEx Fact Books and HKEx Monthly Market Highlights

As shown in Chart 3 above, the total amount of equity funds raising, comprising the amount of funds raising through IPOs and post-IPOs, exhibited a general downward trend from 2015 to 2019 and showed signs of recovery in 2020. The amount of funds raising through IPOs demonstrated a general rising trend and increased from approximately HK\$263.09 billion in 2015 to approximately HK\$400.14 billion in 2020. Meanwhile, the amount of funds raising through post-IPOs exhibited a declining trend and decreased from approximately HK\$852.55 billion in 2015 to approximately HK\$346.82 billion in 2020, resulting in a decline in the total amount of equity funds raising from approximately HK\$1,115.64 billion in 2015 to approximately HK\$746.96 billion in 2020. These may cast uncertainties on the stability of the Group's commission income from the placing and underwriting business, thereby bringing fluctuations to the revenue of the Group's financial services segment. According to the latest HKEx Monthly Market Highlights published by the Stock Exchange, the amount of funds raising through IPOs, the amounts of funds raising through post-IPOs and the total amount of equity funds raising for 9M2021 recorded at approximately HK\$285.48 billion, approximately HK\$318.43 billion and approximately HK\$603.91 billion, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Cryptocurrency Mining Industry

As disclosed in the announcement of the Company dated 26 March 2021, the Company decided to tap into the cryptocurrency mining business by purchasing the relevant equipment for cryptocurrency mining and intended to commence cryptocurrency mining activities in the PRC. A research conducted by the Cambridge Centre for Alternative Finance (a research centre of the Cambridge Judge Business School, the University of Cambridge) revealed that China's share of total Bitcoin mining power is currently the largest in the world but has declined from 75.5% in September 2019 to 46.0% in April 2021. Despite having the largest share in cryptocurrency mining globally, the PRC government has promulgated an array of policies in an attempt to tighten the control on the cryptocurrency mining industry during the past few months. In May 2021, the State Council's Financial Stability and Development Committee (the "FSDC") of the PRC imposed restriction on Bitcoin mining and trading activities. Subsequently, the Inner Mongolia Development and Reform Commission (the "**Inner Mongolia DRC**") commenced public consultations (including but not limited to 《內蒙古自治區發展和改革委員會關於堅決打擊懲戒虛擬貨幣“挖礦”行為八項措施(徵求意見稿)》 (Eight Measures of the Inner Mongolia DRC on the Strict Crackdown on Cryptocurrency Mining (Consultation Paper)*, the "**Measures of Restriction on Cryptocurrency Mining**") to further restrict and strengthen the monitoring on cryptocurrency mining activities in the PRC.

In this regard, the Company relocated its equipment for cryptocurrency mining from Inner Mongolia, the PRC to Kazakhstan and commenced its cryptocurrency mining activities in Kazakhstan. However, in June 2021, the government of Kazakhstan made amendments to its tax code to impose a new tax (the "**New Mining Tax**") on cryptocurrency mining based on the electrical energy consumption, which will become effective in 1 January 2022. As an energy-intensive business, such taxation on electricity usage would undoubtedly exert pressure on the cost of the Group's cryptocurrency mining business. With the unfavourable changes in government policies and regulations on the cryptocurrency mining industry in the PRC (such as the release of the Measures of Restriction on Cryptocurrency Mining) and Kazakhstan (such as the introduction of the New Mining Tax), coupled with the unforeseeable idiosyncratic risks of cryptocurrency as compared to traditional asset classes, the prospect of the cryptocurrency mining industry remains uncertain.

Having considered (i) the fluctuations in the average daily turnover value and the total amount of equity funds raising on the Stock Exchange in the past few years; and (ii) the unfavourable regulatory changes of the cryptocurrency mining industry in the PRC and the newly imposed taxation on electricity usage for cryptocurrency mining activities in Kazakhstan, we are of the view that the prospects and future performance of the Group remains uncertain.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the Offer

Red Sun Capital, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.10 in cash

The Offer Price of HK\$0.10 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all respects when it is made.

The Offer Price of HK\$0.10 per Offer Share represents:

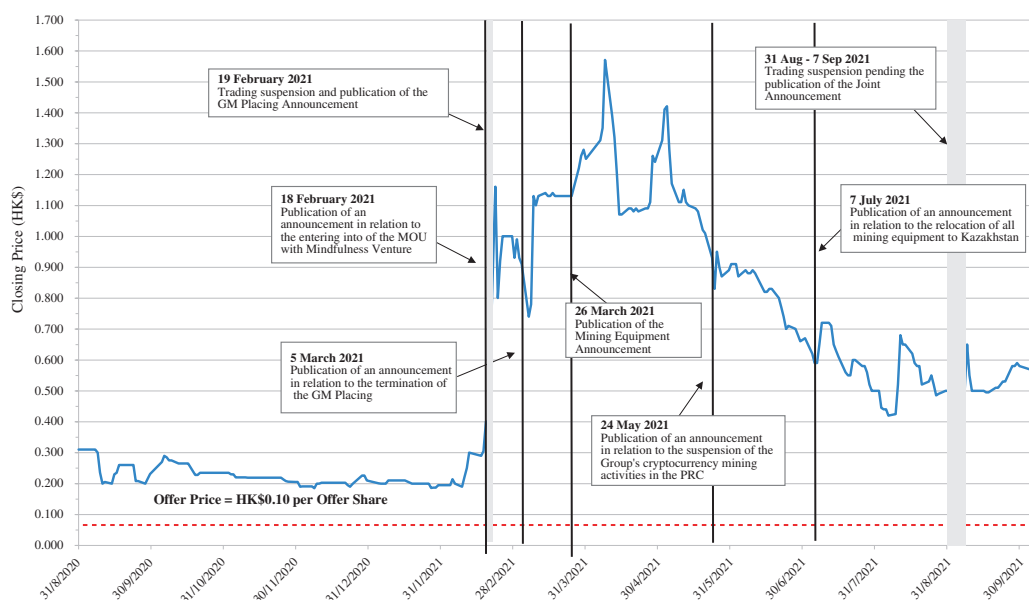
- (i) a discount of approximately 80.00% to the closing price of HK\$0.5000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 80.35% to the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5090 per Share (the “**5-day Average Price**”);
- (iii) a discount of approximately 81.29% to the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5345 per Share (the “**10-day Average Price**”);
- (iv) a discount of approximately 81.45% to the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.5392 per Share (the “**30-day Average Price**”);
- (v) a premium of approximately 269.00% over the audited consolidated net asset value attributable to the owners of the Company (the “**NAV**”) of approximately HK\$0.0271 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 March 2021, being the date to which the latest published audited financial results of the Group were made up;
- (vi) a premium of approximately 45.77% over the unaudited NAV of approximately HK\$0.0686 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 June 2021; and
- (vii) a discount of approximately 82.76% to the closing price of HK\$0.5800 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A. *Historical price performance of the Shares*

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 31 August 2020, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares:

Chart 4: Share price performance during the Review Period



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

As illustrated in Chart 4 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK\$0.185 per Share as recorded on 8 December 2020 to the highest closing price of HK\$1.570 per Share as recorded on 9 April 2021, with an average price of approximately HK\$0.573 per Share. The Offer Price represents (i) a discount of approximately 45.9% to the lowest closing price of the Shares; (ii) a discount of approximately 93.6% to the highest closing price of the Shares; and (iii) a discount of approximately 82.5% to the average closing price of the Shares during the Review Period, respectively.

During the period from 31 August 2020 to 8 December 2020, the closing price of the Shares exhibited, in general, a downward trend and declined from HK\$0.310 per Share on 31 August 2020 to the lowest point of HK\$0.185 on 8 December 2020. We have discussed with the Management regarding the downward trend of the Share price and were advised that save for the interim results announcement for the six months ended 30 September 2020 published on 12 November 2020, they are not aware of other particular reason that led to the decline in the price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After reaching the lowest point, the closing price of the Shares remained relatively stable until it rebounded from HK\$0.190 per Share on 8 February 2021 to a relatively high level at HK\$0.400 per Share on 18 February 2021. On 18 February 2021 (after trading hours), the Group entered into a non-legally binding memorandum of understanding (“**MOU**”) with Mindfulness Venture Fund I, L.P. (being one of the Vendors) in relation to the proposed transfer and assignment of cryptocurrency mining equipment, which consist of an aggregate of 1,000 sets of cryptocurrency miners. At the request of the Company, trading in the Shares was suspended on 19 February 2021 pending the publication of an announcement (the “**GM Placing Announcement**”) in relation to the placing of new shares under general mandate (the “**GM Placing**”), which was subsequently terminated on 5 March 2021. Trading in the Shares was resumed on 22 February 2021 and the closing price of the Shares increased by 190.0% to HK\$1.160 per Share on 22 February 2021. We have discussed with the Management regarding the surge of the Share price on 22 February 2021 and believed that such surge was attributable to the announcement of the entering into of the MOU and the GM Placing. The closing price of the Shares then fluctuated within the range of HK\$0.740 per Share to HK\$1.140 per Share during the period commencing from 23 February 2021 to 26 March 2021.

On 26 March 2021 (after trading hours), the Group entered into formal sale and purchase agreements with the Vendors in relation to the Purchase of Mining Equipment (please refer to the announcement of the Company dated 26 March 2021 (the “**Mining Equipment Announcement**”) for further details). After the publication the Mining Equipment Announcement, the closing price of the Shares demonstrated an increasing trend and reached the highest point of HK\$1.570 per Share on 9 April 2021. We have enquired the Management regarding the increasing trend of the Share price and were advised that save for the Mining Equipment Announcement, they are not aware of other particular reason that led to the surge of the Share price. During the period from 12 April 2021 to 5 May 2021, the closing price of the Shares was fluctuated within the range of HK\$1.070 per Share to HK\$1.420 per Share.

Thereafter, the closing price of the Shares exhibited a decreasing trend and closed at HK\$0.500 per Share on the Last Trading Day (i.e. 30 August 2021). As advised by the Management, the decreasing trend of the Share price was possibly due to (i) the restriction imposed by FSDC and the Measures of Restriction on Cryptocurrency Mining promulgated by Inner Mongolia DRC in May 2021; and (ii) the suspension of the Group’s cryptocurrency mining activities in the PRC and the relocation of all mining equipment to Kazakhstan (please refer to the announcements of the Company dated 24 May 2021 and 7 July 2021 for further details). Save for the aforementioned, the Management is not aware of any particular reason that led to the decreasing trend of the price of the Shares.

At the request of the Company, trading in the Shares was suspended from 31 August 2021 to 7 September 2021 pending the publication of the Joint Announcement. Following the resumption of trading, the closing price of the Shares increased by 30% to HK\$0.650 per Share on 8 September 2021 (being the first trading day after the publication of the Joint Announcement) as compared to that of HK\$0.500 per Share on the Last Trading Day. We reckon that such rise in the closing price of the Shares was likely due to the market reaction to the announcement of the Offer. The closing price of the Shares then fluctuated within the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

range of HK\$0.495 per Share to HK\$0.590 per Share during the period commencing from 9 September 2021 to the Latest Practicable Date. As at the Latest Practicable Date, the price of the Shares was closed at HK\$0.580 per Share.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

B. Historical trading volume of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Table 2: Trading volume of the Shares during the Review Period

Month/period	Total trading volume <i>(No. of Shares)</i>	No. of trading days	Average daily trading volume <i>(No. of Shares)</i>	Percentage of the average daily trading volume to the total number of issued Shares <i>(Note 1)</i>	Percentage of the average daily trading volume to the number of issued Shares held by public Shareholders <i>(Note 2)</i>
August 2020 (i.e. 31 August)	20,000	1	20,000	0.0009%	0.0024%
September 2020	2,940,000	22	133,636	0.0059%	0.0157%
October 2020	75,000	18	4,167	0.0002%	0.0005%
November 2020	1,090,000	21	51,905	0.0023%	0.0061%
December 2020	3,972,500	22	180,568	0.0079%	0.0213%
January 2021	745,000	20	37,250	0.0016%	0.0044%
February 2021	56,100,900	17	3,300,053	0.1445%	0.3886%
March 2021	50,964,200	23	2,215,835	0.0970%	0.2609%
April 2021	28,802,500	19	1,515,921	0.0664%	0.1785%
May 2021	33,555,000	20	1,677,750	0.0734%	0.1976%
June 2021	3,705,000	21	176,429	0.0077%	0.0208%
July 2021	2,490,000	21	118,571	0.0052%	0.0140%
August 2021	2,255,000	21	107,381	0.0047%	0.0126%
September 2021	7,760,000	16	485,000	0.0212%	0.0571%
October 2021 (up to the Latest Practicable Date)	60,000	5	12,000	0.0005%	0.0014%

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 2,284,254,768 Shares).
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 849,245,728 Shares).

As illustrated in Table 2 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 4,167 Shares to approximately 3,300,053 Shares, representing approximately 0.0002% to approximately 0.1445% of the total number of issued Shares as at the Latest Practicable Date, or approximately 0.0005% to approximately 0.3886% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date.

During the period from 31 August 2020 until the publication of the Joint Announcement (the “**Pre-announcement Period**”), we noted that the average daily trading volume of the Shares during the period from February 2021 to May 2021 was relatively high. We have discussed with the Management and were advised that the relatively high trading volume of the Shares was possibly due to the market reaction to (i) the entering into of the MOU; (ii) the Purchase of Mining Equipment; (iii) the GM Placing; and (iv) the restriction imposed to cryptocurrency mining in the PRC. Save for the aforementioned, the Management is not aware of other particular reason that led to the relatively high trading volume of the Shares.

Save for the particularly high daily trading volume of the Shares during the period from February 2021 and May 2021 as discussed above, the average daily trading volume of the Shares was relatively thin during the Pre-announcement Period. On 8 September 2021 (being the first trading day after the publication of the Joint Announcement), the trading volume of the Shares surged from approximately 759,004 Shares during the Pre-announcement Period to approximately 3.3 million Shares. We believe that the increase in trading volume of the Shares on 8 September 2021 was possibly due to the market reaction to the announcement of the Offer. During the period from 9 September 2021 to the Latest Practicable Date, the average daily trading volume of the Shares decreased to approximately 224,750 Shares.

It is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a large volume of the Shares in the open market without depressing the Share price. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

C. Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of other comparable companies using the price-to-earnings ratio (“**PE ratio**”), the price-to-book ratio (“**PB ratio**”) and the enterprise value to earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) ratio (“**EV/EBITDA ratio**”), which are commonly used valuation multiples. However, since the Company recorded a loss attributable to owners of the Company of approximately HK\$61.9 million and negative EBITDA of approximately HK\$30.2 million in FY2020/21, the assessment of the fairness and reasonableness of the Offer Price by using the implied PE ratio and EV/EBITDA ratio are infeasible. We consider PB ratio to be an appropriate indicator of the fair values of the comparable companies.

Given that (i) over 65% of the Group’s revenue for FY2020/21 was generated from provision of financial services (including but not limited to securities and futures brokerage, provision of margin financing, asset management services and custodian services and money lending) (the “**Relevant Business**”) in Hong Kong; (ii) the Group has restructured its equine business which generated revenue of approximately HK\$0.6 million only in 1Q2021/22; (iii) the cryptocurrency business of the Group is still in its early start-up stage and just commenced to generate revenue in July 2021; and (iv) the market capitalization of the Company was approximately HK\$1,325 million as at the Latest Practicable Date, we identified companies listed on the Stock Exchange based on the criteria that (i) over 65% of the revenue for the latest full financial year was generated from the Relevant Business in Hong Kong; and (ii) market capitalization of which is less than HK\$2 billion as at the Latest Practicable Date. We have identified an exhaustive list of 22 companies (the “**Comparable Companies**”) which met our above-mentioned selection criteria.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 3: Details of the Comparable Companies

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 1) (HK\$'000)	PB ratio (times)
Get Nice Holdings Limited (64)	Engaged in (i) money lending business; (ii) property development and holding and investment in financial instruments; (iii) real estate agency; and (iv) the provision of financial services, including securities dealing and broking, futures and options broking, securities margin financing and corporate finance services	1,632,997	5,609,065	0.29
Cinda International Holdings Limited (111)	Engaged in the provision of asset management, corporate finance advisory services, securities brokering, commodities and futures brokering, financial planning and insurance brokering	294,955	1,010,885	0.29
Central Wealth Group Holdings Limited (139)	Engaged in securities and futures dealing business, trading of debts and equity investments and money lending business	207,605	1,277,274	0.16
Shenwan Hongyuan (H.K.) Limited (218)	Engaged in (i) brokerage business; (ii) corporate finance business; (iii) asset management business; (iv) financing and loans business; and (v) investment and other business	1,654,807	4,020,345	0.41
China Strategic Holdings Limited (235)	Engaged in the business of investment in securities, trading of electronic components, money lending as well as securities brokerage	1,141,574	5,727,398	0.20
China Fortune Financial Group Limited (290)	Engaged in securities and insurance brokerage, asset management, corporate finance, margin financing and money lending services	228,827	324,308	0.71
Power Financial Group Limited (397)	Engaged in financial services businesses, money lending business and asset investment	495,472	1,588,376	0.31

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 1) (HK\$'000)	PB ratio (times)
Cash Financial Services Group Limited (510)	Engaged in (i) provision of online and traditional brokerage of securities, futures and options as well as life insurance, mutual funds and mandatory provident fund products; (ii) proprietary trading of debt and equity securities and derivatives; (iii) provision of margin financing and money lending services; (iv) provision of investment banking services; and (v) provision of asset management services	154,093	436,249	0.35
Imagi International Holdings Limited (585)	Engaged in integrated financial services, investment holdings, computer graphic imaging business and entertainment business	713,733	818,597	0.87
Emperor Capital Group Limited (717)	Engaged in the provision of financial services including (i) commercial and personal lending as well as margin and IPO financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services	781,938	4,479,476	0.17
Pinestone Capital Limited (804)	Engaged in the provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services	297,785	201,288	1.48
Value Convergence Holdings Limited (821)	Engaged in the provision of financial services	706,691	937,618	0.75
China Tonghai International Financial Limited (952)	Engaged in (i) corporate finance advisory and general advisory services; (ii) fund management, discretionary portfolio management and portfolio management advisory services; (iii) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing, insurance broking and wealth management services; (iv) money lending services; (v) financial media services; and (vi) investing and trading of various investment products	1,338,563	5,874,679	0.23

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 1) (HK\$'000)	PB ratio (times)
Get Nice Financial Group Limited (1469)	Engaged in the provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing and corporate finance services	1,900,000	4,021,046	0.47
Fu Shek Financial Holdings Limited (2263)	Engaged in the provision of securities dealing and brokerage services, placing and underwriting services, securities margin financing services and asset management services in Hong Kong	178,000	327,154	0.54
China Industrial Securities International Financial Group Limited (6058)	Engaged in the provision of brokerage services, loans and financing services, corporate finance services, asset management services and financial products and investments	908,000	4,400,936	0.21
Orient Securities International Holdings Limited (8001)	Engaged in the provision of (i) brokerage services and relevant service income; (ii) underwriting and placing services; (iii) margin financing services; and (iv) money lending services	60,480	340,803	0.18
CL Group (Holdings) Limited (8098)	Engaged in the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services and investment holding in Hong Kong	195,800	232,786	0.84
PF Group Holdings Limited (8221)	Engaged in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) financing services including securities and initial public offering margin financing; and (iv) asset management services	92,000	178,125	0.52
Koala Financial Group Limited (8226)	Engaged in securities brokerage, share placements, underwriting services and money lending service	41,750	341,500	0.12
Astrum Financial Holdings Limited (8333)	Engaged in provision of (i) brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services	190,880	179,368	1.06

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 1) (HK\$'000)	PB ratio (times)
Victory Securities (Holdings) Company Limited (8540)	Engaged in the provision of a wide range of securities broking and related financial services including (i) securities/futures/insurance policies broking, placing and underwriting services and advising on securities services; (ii) financing services; (iii) assets management services; (iv) financial advisory services; and (v) investment consultancy services	420,088	215,631	1.95 (Note 2)
			Maximum:	1.95
			Minimum:	0.12
			Average:	0.55
			Median:	0.38
			Standard Deviation:	0.47
			Excluding outlier (Note 2)	
			Maximum:	1.48
			Minimum:	0.12
			Average:	0.48
			Median:	0.35
The Company		228,425 (Note 3)	156,698	1.46

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

Notes:

1. Based on the figures of the respective Comparable Companies as published in the latest published annual reports or interim reports.
2. We noted that the PB ratio of Victory Securities (Holdings) Company Limited (stock code: 8540) (“**Victory Securities**”) exceeds two standard deviations from the average of those of the Comparable Companies. We consider that the PB ratio of Victory Securities is an outlier and was excluded from our analysis for the PB ratios represented by the Comparable Companies.
3. The market capitalization of the Company is calculated based on the Offer Price and the number of issued Shares as at the Latest Practicable Date (i.e. 2,284,254,768 Shares).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in Table 3 above, the PB ratios of the Comparable Companies (excluding outlier) ranged from approximately 0.12 times to approximately 1.48 times with an average of approximately 0.48 times and a median of approximately 0.35 times. The PB ratio of the Company implied by the Offer Price of approximately 1.46 times is within the range and higher than the average and median of the PB ratios of the Comparable Companies (excluding outlier).

D. Conclusion

Notwithstanding that (i) the Offer Price represents (a) a premium of approximately 269.00% over the audited NAV of approximately HK\$0.0271 per Share as at 31 March 2021; and (b) a premium of approximately 45.77% over the unaudited NAV of approximately HK\$0.0686 per Share as at 30 June 2021; (ii) the PB ratio of the Company implied by the Offer Price of approximately 1.46 times is within the range and higher than the average and median of the PB ratios of the Comparable Companies (excluding outlier); (iii) save for the particularly high average daily trading volume of the Shares during the period from February 2021 to May 2021, the trading volume of Shares was thin during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a large volume of the Shares in the open market without depressing the Share price; and (iv) the Group is expected to record a loss attributable to owners of the Company for 1H2021/22 as disclosed in the Profit Warning Announcement, and there are uncertainties in the future performance of the Group as discussed in the paragraph headed “C. Business prospects of the Group” under the section headed “1. Business, financial performance and prospects of the Group”, having considered the facts that:

- (i) the Offer Price is lower than the closing price of the Shares throughout the Review Period, and even throughout the past five years; and
- (ii) the Offer Price represents (a) a deep discount (i.e. equal to or over 80%) to the Share closing price on the Last Trading Day, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price; and (b) a discount of approximately 82.76% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on the Latest Practicable Date,

we are of the view that the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the “Letter from Red Sun Capital” contained in the Composite Document, the Offeror is incorporated in the British Virgin Islands with limited liabilities, and is an investment holding company ultimately wholly and beneficially owned by Mr. Cheng, who is also the sole director of the Offeror.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Cheng is the chairman of the Board and an executive Director. Mr. Cheng is also the chairman and an executive director of Imperium Technology Group Limited (stock code: 776), the issued shares of which are listed on the main board of the Stock Exchange. Imperium Technology Group Limited and its subsidiaries are principally engaged in the manufacturing and sale of furnishings and home products, online game business, property investment, money lending business, esports business and provision of cloud computing and data storage services.

B. Intention of the Offeror on the Group

As stated in the “Letter from Red Sun Capital” contained in the Composite Document, upon Completion, the Offeror has become the controlling Shareholder (as defined under the GEM Listing Rules). As at the Latest Practicable Date, the Offeror intended to continue the existing principal business of the Group. Upon close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s long-term development. Subject to the results of the aforesaid review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangements, understandings or undertakings, whether formal or information, to acquire any new business or dispose of/downsize the existing business of the Group. The Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

Having considered the facts that (i) Mr. Cheng is the existing chairman of the Board and intends to continue the existing businesses of the Company; and (ii) the prospect for the securities industry in Hong Kong and cryptocurrency mining industry, in which the Group is engaged in, will remain uncertain (please refer to our analysis as disclosed in the paragraph headed “C. Business prospects of the Group” under the section headed “1. Business, financial performance and prospects of the Group” above for further details), we are of the opinion that there remains uncertainty in the future performance of the Group.

C. Proposed Changes to the Board

As at the Latest Practicable Date, the Board comprised eight Directors, namely Mr. Cheng Ting Kong, Ms. Cheng Mei Ching, Mr. Lui Man Wah, Mr. Chim Tak Lai and Mr. Choi Hon Keung Simon as executive Directors; and Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun as independent non-executive Directors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the “Letter from Red Sun Capital” contained in the Composite Document, as at the Latest Practicable Date, the Offeror had not indicated any intention to change the composition of the Board.

D. Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

As stated in the “Letter from Red Sun Capital” contained in the Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

OPINION AND RECOMMENDATION

Notwithstanding that (i) the Group has been running in a loss-making position since the financial year ended 31 March 2013 and the Group is expected to record a loss attributable to owners of the Company of not less than HK\$16 million for 1H2021/22 as disclosed in the Profit Warning Announcement; (ii) it is uncertain as to whether the Group can make a turnaround in the near future; (iii) the Offer Price represents (a) a premium of approximately 269.00% over the audited NAV of approximately HK\$0.0271 per Share as at 31 March 2021; and (b) a premium of approximately 45.77% over the unaudited NAV of approximately HK\$0.0686 per Share as at 30 June 2021; (iv) the PB ratio of the Company implied by the Offer Price of approximately 1.46 times is within the range and higher than the average and median of the PB ratios of the Comparable Companies (excluding outlier); and (v) the Offeror intends to continue the existing principal business activities of the Group, which recorded significant loss attributable to owners of the Company of approximately HK\$60.5 million and approximately HK\$61.9 million for FY2019/20 and FY2020/21, respectively, and the prospects and future performance of the Group remains uncertain as discussed in the paragraph headed “C. Business prospects of the Group” under the section headed “1. Business, financial performance and prospects of the Group”, taking into consideration the following:

- (i) the Offer Price is lower than the closing price of the Shares throughout the Review Period, and even throughout the past five years; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the Offer Price represents (a) a deep discount (i.e. equal to or over 80%) to the Share closing price on the Last Trading Day, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price; and (b) a discount of approximately 82.76% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on the Latest Practicable Date,

we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we do not recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. Nevertheless, we would also like to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period and consider accepting the Offer, instead of selling their Shares in the open market, where possible, if the net amount receivable under the Offer exceeds the net proceeds from such sales or if they are not able to dispose of a large volume of the Shares in the open market.

In addition, we would like to remind the Independent Shareholders that they should bear in mind the potential difficulties they may encounter in disposing of the Shares after the close of the Offer in view of the historical low trading liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Independent Shareholders are strongly advised that the decision to realise or to continue to hold the Shares is subject to individual circumstances and investment objectives of the Independent Shareholders.

The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer, details of which are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

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 the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

1. PROCEDURES FOR ACCEPTANCE

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Sun International Group Limited – Offer" on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date;
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution

in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Red Sun Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped

transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
 - (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
 - (i) The address of the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed acceptances of the Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on 11 October 2021, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.
- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as he may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. EXERCISE OF SHARE OPTIONS

All Optionholders should note that you have given the Undertakings in favour of the Offeror, pursuant to which you have undertaken, from the date of the Joint Announcement until the close of the Offer (both dates inclusive), (i) not to exercise the conversion rights attached to the Share Options held by them; and (ii) not to accept the Offer if made by the Offeror in respect of the Share Options held by them. The Optionholder shall note that the Share Options (to the extent not exercised) will lapse after fourteen (14) days automatically after the date of this Composite Document pursuant to the Sharer Option Scheme. Further details please refer to the paragraph headed "5. Lapse of Share Options" in this appendix.

5. LAPSE OF SHARE OPTIONS

In accordance with the Share Option Scheme, if a general offer is made to all the Shareholders and such offer becomes or is declared unconditional prior to the expiry of the Share Options, the Optionholders shall be entitled to exercise the Share Options in full at any time within 14 days after date on which the offer becomes or is declared unconditional, and the outstanding Share Options will lapse automatically (to the extent not exercised) upon the expiry of such 14-day period. Further, as set out in the paragraph headed "4.

Exercise of Share Options” in the this appendix, all Optionholders have given the Undertakings in favour of the Offeror, pursuant to which the Optionholders have undertaken among others, not to exercise the conversion rights attached to the Share Options until the close of Offer. Accordingly, all the outstanding Share Options will lapse after the expiry of such 14-day period from the date of despatch of this Composite Document. No exercise of the Share Options may be made in relation to any Share Options that has lapsed.

Nothing in this Composite Document will serve to extend the life of any Share Option which lapses under the Share Option Scheme.

6. ANNOUNCEMENTS

- (a) By 7:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of his decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange’s website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or have expired.

The announcement will state the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

7. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by Independent Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below;
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “6. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

8. STAMP DUTY

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Red Sun Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

10. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

11. TAXATION ADVICE

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Red Sun Capital, the Independent Financial Adviser (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

12. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, parties acting in concert with it, Red Sun Capital, the Independent Financial Adviser and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.

- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Red Sun Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive in full all dividends and distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of this Composite Document.

The Offer are made available to all Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

Any acceptance by the Independent Shareholders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.
- (j) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company, Red Sun Capital, the Independent Financial Adviser and the Registrar. The Independent Shareholders should consult their own professional advisers for professional advice.
- (k) The Offer is made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for the three months ended 30 June 2021 as extracted from the first quarterly report of the Company for the three months ended 30 June 2021 and for the three financial years ended 31 March 2019, 2020 and 2021 as extracted from the annual reports of the Company for the two financial years ended 31 March 2020 and 2021.

The auditor's report issued by HLB Hodgson Impey Cheng Limited in respect of the Group's audited consolidated financial statements for the three financial years ended 31 March 2021 did not contain any qualifications.

	For the three months ended 30 June 2021	For the year ended/ As at 31 March		
	HK\$'000 (unaudited)	2021 HK\$'000 (audited)	2020 HK\$'000 (audited)	2019 HK\$'000 (audited)
Revenue	11,250	63,724	98,073	119,216
Loss before taxation	(6,605)	(57,452)	(60,227)	(102,981)
Income tax expense	–	(4,476)	(258)	(2,557)
Loss for the year	(6,605)	(61,928)	(60,485)	(105,538)
Total comprehensive loss for the year	(11,230)	(48,585)	(65,962)	(83,091)
Dividends	Nil	Nil	Nil	Nil
Dividend per Share	Nil	Nil	Nil	Nil
Loss per share (HK cents)				
Basic and diluted	(0.29)	(2.85)	(3.05)	(7.59)

Note: there is no non-controlling interest for the Group.

Save as disclosed above, there are no other items of income or expense which are material for each of the three years ended 31 March 2021 and three months ended 30 June 2021.

No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by such auditors of the Group in respect of the Group's audited consolidated financial statements for the financial year ended 31 March 2021.

The auditors of the Group expressed that they draw attention to note 3 to the consolidated financial statements for the financial year ended 31 March 2020 which indicated that the Group incurred a net loss of approximately HK\$60,485,000 during the year ended 31 March 2020. This condition, along with other matters as set forth in note 3 to the consolidated financial statements for the financial year ended 31 March 2020, indicated the existence of a material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern.

The auditors of the Group expressed that, without further qualifying its qualified opinion for the audited consolidated financial statements for the financial year ended 31 March 2019, they draw attention to note 3 to the consolidated financial statements for the financial year ended 31 March 2019 which indicated that the Group incurred a net loss of approximately HK\$105,538,000 during the year ended 31 March 2019 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK\$185,030,000. These conditions, along with other matters as set forth in note 3 indicate the existence of a material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in (i) the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2021 (the “**2021 First Quarter Financial Statements**”) (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2021 (the “**2021 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2020 (the “**2020 Financial Statements**”); and (iv) the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out from pages 51 to 163 in the annual report of the Company for the year ended 31 March 2019 which was published on 28 June 2019 on the websites of the Company (<http://www.sun8029.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628467.pdf>).

The 2020 Financial Statements are set out from pages 51 to 165 in the annual report of the Company for the year ended 31 March 2020 which was published on 12 August 2020 on the websites of the Company (<http://www.sun8029.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0812/2020081200023.pdf>).

The 2021 Financial Statements are set out from pages 52 to 167 in the annual report of the Company for the year ended 31 March 2021 which was published on 1 August 2021 on the websites of the Company (<http://www.sun8029.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0801/2021080100161.pdf>).

The 2021 First Quarter Financial Statements are set out from pages 3 to 8 in the first quarterly report of the Company for the three months ended 30 June 2021 which was posted on 13 August 2021 on the websites of the Company (<http://www.sun8029.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0813/2021081300568.pdf>).

3. INDEBTEDNESS

As at the close of business on 31 August 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has outstanding indebtedness of approximately HK\$199.5 million, details of which are set out below:

	<i>HK\$ million</i>
Promissory notes	197.0
Lease liabilities	2.5
	<hr/>
Total	199.5
	<hr/> <hr/>

Promissory notes

As at 31 August 2021, the Group had promissory notes in principal amounts of HK\$197.0 million.

Lease liabilities

As at 31 August 2021, the Group had lease liabilities of approximately HK\$2.5 million relating to premises leased by the Group as lessee.

Contingent liabilities

As disclosed in the announcements of the Company dated 4 April 2019 and 8 April 2019 respectively, 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 Ting Kong ("**Mr. Cheng**") and Mr. Chau Cheok Wa ("**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 Company Limited ("**Sun Finance**"), a wholly-owned subsidiary of the Company 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 which was lodged by Mr. Chiu, Diamond Ocean and Rich Galaxy Group Limited ("**Rich Galaxy**") (which was added as plaintiff) on 27 June 2019.

Pursuant to the Amended Form of Claim, (i) Fame Select Limited (being a company beneficially owned as to 50% by Mr. Chau and as to 50% by Mr. Cheng) and Ms. Yeung So Lai (being the sister of Ms. Yeung So Miu, which, in turn, is the spouse of Mr. Cheng), among others, were added as defendants (together with the Original Defendants, the “**Defendants**”); and (ii) the amount of compensation claimed from the Defendants was increased to HK\$680,000,000.

In order to remove any uncertainty arising from the Claims on the Group, Mr. Cheng executed a deed of indemnity in favour of the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance), whereby Mr. Cheng agreed to indemnify and keep the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance) indemnified against all loss and damages arising out of or in relation to the Claims.

For further details of the Original Claims and Amended Form of Claim, please refer to the paragraph headed “7. Litigation” as set out in Appendix III General Information of the Group to this Composite Document.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, intra-group guarantees, normal trade and other payables and contract liabilities, as at the close of business on 31 August 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

4. MATERIAL CHANGE

Save and except for the followings, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group for the period commencing from 31 March 2021 (the date to which the latest audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

1. As disclosed in the first quarterly report of the Company for the three months ended 30 June 2021 (“**1Q2021/22**”),
 - (a) on 31 March 2021, the Group restructured its equine business by leasing out certain lands and farm in Australia, which was previously occupied and operated by the Group, under operating leases to an independent third party (the “**Tenant**”) for a period of five years (the “**Restructuring**”). The Tenant will also manage the stallions held by the Group under certain profit sharing scheme. The Restructuring contributed rental income of approximately HK\$0.4 million to the Group in 1Q2021/22, representing approximately 3.9% of the Group’s total revenue in 1Q2021/22;

- (b) the Group recorded total revenue of approximately HK\$11.3 million, representing a notable decline of approximately 35.9% as compared to approximately HK\$17.6 million for the three months ended 30 June 2020 (“**1Q2020/21**”). Such deterioration was mainly attributable to (i) the decrease in revenue generated from the financial services segment of approximately HK\$4.7 million; and (ii) the decrease in revenue generated from the equine services segment of approximately HK\$2.0 million, which was partially offset by the recognition of rental income of HK\$0.4 million in 1Q2021/22 as detailed in item (a) above (1Q2020/21: nil); and
- (c) the Group recorded loss attributable to owners of the Company of approximately HK\$6.6 million, representing a significant increase in loss of approximately 47.4% as compared to approximately HK\$4.5 million in 1Q2020/21. Such deterioration was primarily attributable to the decrease in gross profit of approximately HK\$5.7 million, which was partially offset by (i) the decrease in administrative expenses of approximately HK\$2.3 million; and (ii) the decrease in finance costs of approximately HK\$1.3 million.
2. As disclosed in the announcements of the Company dated 26 March 2021, 22 April 2021 and 30 April 2021 (the “**Mining Equipment Announcements**”), the Group entered into sale and purchase agreements with two independent third parties (the “**Vendors**”) in relation to the purchase of an aggregate of 2,082 units of cryptocurrency mining equipment at the aggregate consideration of approximately HK\$100.0 million (the “**Equipment Consideration**”). An aggregate of 112,522,768 new Shares were allotted and issued by the Company to the Vendors for settlement of the Equipment Consideration. For further details, please refer to the Mining Equipment Announcements.
3. As disclosed in the announcements of the Company dated 24 May 2021 and 7 July 2021, in light of the statement made by the State Council’s Financial Stability and Development Committee of the PRC on 21 May 2021 on Bitcoin mining and trading activities, the Group instructed the relevant service provider to suspend the cryptocurrency miner operating service in the PRC. Subsequently, the Company relocated its equipment for cryptocurrency mining from Inner Mongolia, the PRC to Kazakhstan and commenced its cryptocurrency mining activities in Kazakhstan.
4. As disclosed in the profit warning announcement of the Company dated 7 October 2021 (the “**Profit Warning Announcement**”), based on the preliminary assessment on the unaudited consolidated management accounts of the Group for 5M2021/22, the business operation and information of the Group currently available to the Directors as at the date of the Profit Warning Announcement, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$16 million for the six months ended 30 September 2021 (“**1H2021/22**”), as compared to a profit attributable to owners of the Company of approximately HK\$12.1 million for the six months ended 30 September 2020 (“**1H2020/21**”).

Following the commencement of the Group's cryptocurrency mining activities in Kazakhstan in July 2021, the Group has successfully mined Bitcoin through its cryptocurrency mining activities. As at the date of the Profit Warning Announcement, the Group has disposed of part of Bitcoin mined. Notwithstanding the increase in revenue from the disposal of Bitcoin, the Group is expected to record a loss attributable to owners of the Company for 1H2021/22 mainly attributable to the following factors:

- (a) the Group is expected to recognise an impairment loss for expected credit losses on trade receivables during 1H2021/22 instead of the reversal of impairment losses for expected credit losses on trade receivables of approximately HK\$16.2 million for 1H2020/21;
- (b) the Group established the cryptocurrency mining segment during 1H2021/22 and the Group incurred non-recurring expenses of approximately HK\$7.8 million during the relocation of the equipment for cryptocurrency mining from the People's Republic of China to Kazakhstan. As a result, it is preliminarily expected that the cryptocurrency mining segment of the Group would incur a segment loss of approximately HK\$6.4 million for 1H2021/22; and
- (c) the overall decrease in total revenue from financial and equine services segment for 1H2021/22 comparing with 1H2020/21.

1. RESPONSIBILITY STATEMENT

This Composite Document, 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 Composite Document 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 Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it in their capacity as such) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (i) the authorised share capital of the Company is HK\$1,600,000,000 divided into 40,000,000,000 Shares;
- (ii) the issued share capital of the Company is HK\$91,370,190.72 divided into 2,284,254,768 Shares;
- (iii) save for (i) 55,249,000 Shares issued on 30 April 2021 pursuant to a conditional sale and purchase agreement dated 26 March 2021 and entered into between Extra Blossom Holdings Limited (being an indirect wholly owned subsidiary of the Company) (“**Extra Blossom**”) as purchaser and Moon Skyline SPC – acting for and on behalf of SP1-8029 as vendor in relation to the sale and purchase of the equipment for cryptocurrency mining; and (ii) 57,273,768 Shares issued on 30 April 2021 pursuant to a conditional sale and purchase agreement dated 26 March 2021 (as amended and supplemented by a supplemental agreement dated 22 April 2021) and entered into between Extra Blossom as purchaser and Mindfulness Venture Fund I, L.P. as vendor in relation to the sale and purchase of the equipment for cryptocurrency mining, no new Shares had been issued since 31 March 2021, being the end of the last financial year of the Company;
- (iv) save for 29,219,400 Share Options outstanding which may confer rights to the Optionholders to subscribe for the Shares at exercise prices below the Offer Price, the Company had no other outstanding warrants, derivatives, options or other securities which may confer any

rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement for the issue of any Shares or any warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares; and

- (v) all Shares in issue rank pari passu in all respects with each other including as to rights to dividends, voting and return of capital.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in the securities of the Company and its associated companies

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and the details of any right to subscribe for Shares or shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) and of the exercise of any such rights, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, or required to be disclosed under the Takeovers Code, were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares and underlying shares of the Company held	Approximate percentage of the issued Shares
Mr. Cheng	Controlled corporation (Note 1)	1,435,009,040	62.82%
Ms. Cheng Mei Ching	Beneficial owner	1,391,400 (Note 2)	0.06%
Mr. Lui Man Wah	Beneficial owner	13,914,000 (Note 3)	0.61%

Notes:

- The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheng.
- Such interest represents 1,391,400 underlying shares of the Company derived from the Share Options granted to Ms. Cheng Mei Ching under the Share Option Scheme.
- Such interest represents 13,914,000 underlying shares of the Company derived from the Share Options granted to Mr. Lui Man Wah under the Share Option Scheme.

Substantial shareholders' interests and short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests of every person (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity	Number of Shares held	Approximate percentage of the issued Shares
The Offeror	Beneficial owner	1,435,009,040	62.82%

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR

As at the Latest Practicable Date, save that Mr. Cheng is the beneficial owner of the entire issued share capital of the Offeror, neither the Company nor any of the Directors had any interest in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

During the Relevant Period, neither the Company nor any of the Directors had dealt in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

5. DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date,

- (i) save for (i) 1,435,009,040 Shares held by the Offeror (the entire issued share capital of which is beneficially owned by Mr. Cheng); (ii) 1,391,400 Share Options held by Ms. Cheng Mei Ching (being an executive Director and the sibling of Mr. Cheng); and (iii) 13,914,000 Share Options held by Mr. Lui Man Wah (being an executive Director), none of the Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives issued by the Company and none of the Directors held any beneficial shareholdings which would entitle them to accept or reject the Offer;

- (ii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code;
- (iii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, or person who is presumed to be acting in concert with the Company by virtue of class (1), (2), (3) and (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (iv) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were managed on a discretionary basis by fund managers (other than exempted fund managers) (if any) connected with the Company; and
- (v) none of the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

During the Relevant Period, save for the Sale Shares, none of the Directors or no subsidiary of the Company or any pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code have dealt in any Shares or any convertible securities, warrants, options or derivatives issued by the Company.

6. MATERIAL CONTRACTS

Save for the following, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by any member of the Group within the two years immediately preceding the date of the Joint Announcement and up to the Latest Practicable Date:

- (i) the master service agreement dated 1 January 2020 (as superseded by a master service agreement dated 15 December 2020) and entered into between Sun International Securities Limited (being an indirect wholly-owned subsidiary of the Company) (“SISL”) as service provider and Mr. Cheng as customer in relation to the provision of the brokerage service and margin financing service for a term commenced on 1 January 2020 and ending on 31 March 2023 with the aggregate annual caps in the amount of HK\$9,500,000 for the margin finance interest and the brokerage commission and HK\$8,000,000 for the margin loan maximum amount;

- (ii) the master service agreement dated 1 January 2020 (as superseded by the master service agreements dated 15 December 2020 and 10 March 2021 respectively) and entered into between SISL as service provider and Mr. Lui Man Wah as customer in relation to the provision of the brokerage service and margin financing service for a term commenced on 1 January 2020 and ending on 31 March 2023 with the aggregate annual caps in the amount of HK\$9,000,000 for the margin finance interest and the brokerage commission and HK\$9,800,000 for the margin loan maximum amount;
- (iii) the placing agreement dated 19 February 2021 and entered into between the Company as issuer and SISL as placing agent in relation to the placing, on a best effort basis, of up to 250,000,000 placing shares at the placing price of HK\$0.321 per placing share under general mandate;
- (iv) the conditional sale and purchase agreement dated 26 March 2021 and entered into between Extra Blossom as purchaser and Moon Skyline SPC – acting for and on behalf of SP1-8029 as vendor in relation to the sale and purchase of the equipment for cryptocurrency mining, which consists of (i) 250 units of Bitmain Antminer T19; (ii) 535 units of MicroBT Whatsminer M32; (iii) 110 units of MicroBT Whatsminer M31S; (iv) 80 units of MicroBT Whatsminer M21S; and (v) 107 units of MicroBT Whatsminer M20 at the consideration of HK\$50,000,345 which was satisfied by the issue of 55,249,000 consideration shares by the Company at the issue price of HK\$0.905 per consideration share under general mandate; and
- (v) the conditional sale and purchase agreement dated 26 March 2021 (as amended and supplemented by a supplemental agreement dated 22 April 2021) and entered into between Extra Blossom as purchaser and Mindfulness Venture Fund I, L.P. as vendor in relation to the sale and purchase of the equipment for cryptocurrency mining, which consists of (i) 381 units of MicroBT Whatsminer M32; and (ii) 619 units of MicroBT Whatsminer M31S at the consideration of HK\$49,999,999.464 which was satisfied by the issue of 57,273,768 consideration shares by the Company at the issue price of HK\$0.873 per consideration share under general mandate.

7. LITIGATION

As disclosed in the announcements of the Company dated 4 April 2019 and 8 April 2019 respectively, Guangdong Higher People's Court has been directed by the Supreme People's Court of the PRC to hear the claim (the "**Claim**") made by Chiu Ming ("**Mr. Chiu**") and Diamond Ocean Development Limited ("**Diamond Ocean**") against, amongst others, Sun Finance Company Limited ("**Sun Finance**"), a wholly-owned subsidiary of the Company, Mr. Cheng, a controlling shareholder of the Company and an executive Director and Mr. Chau, a former controlling shareholder of the Company prior to Completion, in relation to, among others, the enforcement of the share charge in 2011 over certain shares (the "**Charged Shares**") 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 Mr. Chiu and

Diamond Ocean to have infringed their rights. According to the Claim, Mr. Chiu and Diamond Ocean requested the court to order Sun Finance, Mr. Cheng and Mr. Chau to compensate Mr. Chiu and Diamond Ocean for direct economic loss of RMB500 million and bear all the litigation costs. In addition, Mr. Chiu and Diamond Ocean 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 which was lodged by Mr. Chiu, Diamond Ocean and Rich Galaxy Group Limited (“**Rich Galaxy**”) (which was added as plaintiff) on 27 June 2019.

Pursuant to the Amended Form of Claim, (i) Fame Select Limited (being a company beneficially owned as to 50% by Mr. Chau and as to 50% by Mr. Cheng) and Ms. Yeung So Lai (being the sister of Ms. Yeung So Miu, which, in turn, is the spouse of Mr. Cheng), among others, were added as defendants (together with the original defendants, the “**Defendants**”); and (ii) the amount of compensation claimed from the Defendants was increased to HK\$680,000,000.

The Group had objected the Amended Form of Claim on the ground of different jurisdiction but was unsuccessful. The Amended Form of Claims would be effectively stand and the Group is pending to receive hearing notice from the Guangdong Higher Court.

On 11 August 2021, the PRC legal advisors to Sun Finance received the first hearing notice from the Guangdong Higher Court. The first hearing was scheduled to be held on 23 September 2021, which is rescheduled to be held on 26 October 2021.

According to the legal advice given by the PRC legal advisers to Sun Finance, the chances of success of the Claim are very low. The PRC legal advisers consider that, among others, (i) there is not enough basis to support the allegation that the disposal of the Charged Shares was illegal; (ii) the alleged change of the legal representative of the PRC Subsidiary by the defendants by illegal means is not in conformity with the fact and irrelevant to the Claim; (iii) the amount of the direct loss alleged by the plaintiffs is lack of basis and no definite amount can be derived from the materials provided by the plaintiffs; and (iv) the limitation period of two years for making the Claim has already expired.

Nevertheless, in order to remove any uncertainty arising from the Claim on the Group, on 4 April 2019, Mr. Cheng executed a deed of indemnity in favour of the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance), whereby Mr. Cheng agreed to indemnify and keep the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance) indemnified against all loss and damages arising out of or in relation to the Claim.

Having considered the aforementioned factors, the directors of the Company consider that the Claim is unlikely to have any material adverse impact on the Group and no provision is required to be made in relation to the same.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. ARRANGEMENT AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (i) none of the Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (iii) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

9. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

As at the Latest Practicable Date, save as disclosed below, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation):

- (a) on 5 July 2020, Mr. Cheng Ting Kong entered into a service agreement with the Company for a term of three years commenced from 5 July 2020 with an annual salary of HK\$396,900 and a discretionary year-end bonus (which is the same as the previous service agreement);
- (b) on 6 June 2021, Ms. Cheng Mei Ching entered into a service agreement with the Company for a term of one year commenced from 6 June 2021 with an annual salary of HK\$1,666,980 and a discretionary year-end bonus (which is the same as the previous service agreement);
- (c) on 13 August 2021, Mr. Lui Man Wah entered into a service agreement with the Company for a term of one year commenced from 13 August 2021 with an annual salary of HK\$1,728,000 and a discretionary year-end bonus (which is the same as the previous service agreement);
- (d) on 6 May 2021, Mr. Chim Tak Lai entered into a service agreement with the Company for a term of one year commenced from 6 May 2021 with an annual salary of HK\$720,000 and a discretionary year-end bonus;

- (e) on 2 June 2021, Mr. Choi Hon Keung, Simon entered into a service agreement with the Company for a term of one year commenced from 2 June 2021 with an annual salary of HK\$360,000;
- (f) on 14 March 2021, Mr. Tou Kin Chuen entered into a letter of appointment with the Company for a term of one year commenced from 14 March 2021 with an annual salary of HK\$120,000 (which is the same as the previous letter of appointment);
- (g) on 1 September 2021, Mr. Jim Ka Shun entered into a letter of appointment with the Company for a term of one year commenced from 1 September 2021 with an annual salary of HK\$120,000 (which is the same as the previous letter of appointment); and
- (h) on 14 March 2021, Mr. Chan Tin Lup Trevor entered into a letter of appointment with the Company for a term of one year commenced from 14 March 2021 with an annual salary of HK\$120,000 (which is the same as the previous letter of appointment).

10. EXPERTS AND CONSENT

The following is the qualification of the experts who have given an opinion or advice contained in this Composite Document:

Name	Qualification
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
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

Each of the experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, and references to its name in the form and context in which they are included.

11. MISCELLANEOUS

- (i) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Room 03, 26/F, One Harbour Square, No. 181 Hoi bun Road, Kwun Tong, Kowloon, Hong Kong.
- (ii) The company secretary of the Company is Ms. Yeung Man Wah. Ms. Yeung was appointed as the company secretary of the Company in July 2019. Ms. Yeung is a certified practising accountant of Hong Kong Institute of Certified Public Accountants.

- (iii) The share registrar of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The registered office of Astrum Capital Management Limited is at Room 2704, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (v) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 03, 26/F, One Harbour Square, No. 181 Hoi bun Road, Kwun Tong, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (<http://www.sun8029.com>) from the date of this Composite Document for so long as the Offer remain open for acceptance:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for each of the three financial years ended 31 March 2019, 31 March 2020 and 31 March 2021;
- (iii) the first quarterly report of the Company for the three months ended 30 June 2021;
- (iv) the letter from the Board, the text of which is set out in this Composite Document;
- (v) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (vi) the letter from Astrum Capital Management Limited, the text of which is set out in this Composite Document;
- (vii) the material contracts referred to in the section headed "Material contracts" in this appendix;
- (viii) the reports from HLB Hodgson Impey Cheng Limited and Astrum Capital Management Limited set out in Appendix V to this Composite Document;
- (ix) the service agreements and letters of appointment referred to in the section headed "Directors' service agreements and letters of appointment" in this appendix;
- (x) the written consents referred to in the section headed "Experts and consent" in this appendix; and
- (xi) this composite document.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Director in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS**Interests of the Offeror and parties acting in concert with it in the Company**

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned or controlled an aggregate of 1,435,009,040 Shares, representing approximately 62.82% of the entire issued share capital of the Company. As at the Latest Practicable Date, Ms. Cheng Mei Ching (being an executive Director and the sibling of Mr. Cheng) held 1,391,400 Share Options and Mr. Lui Man Wah (being an executive Director) held 13,914,000 Share Options, each being the parties presumed to be acting in concert with the Offeror. Save for the above, the Offeror and parties acting in concert with it did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares.

As at the Latest Practicable Date, none of the Offeror and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS OF THE OFFEROR IN THE COMPANY

None of the Offeror and parties acting in concert with it has dealt in nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period, save for (i) the Sale Shares and (ii) the following transactions:

Date of transactions on the Stock Exchange	Name	No. of Shares sold	Transaction price per Share
29/3/2021	Mr. Yan Kam Cheong	1,000,000	HK\$1.22
	(the shareholder of the lender	3,680,000	HK\$1.21
	of the Loan)	1,095,000	HK\$1.15
		2,000,000	HK\$1.20
		3,000,000	HK\$1.18

As at the Latest Practicable Date:

- (i) save for (a) the Sale Shares held by the Offeror; and (b) 1,391,400 Share Options held by Ms. Cheng Mei Ching (being an executive Director and the sibling of Mr. Cheng) and 13,914,000 Share Options held by Mr. Lui Man Wah (being an executive Director), each being the parties presumed to be acting in concert with the Offeror, none of the Offeror and parties acting in concert with it holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) save for 1,391,400 Share Options held by Ms. Cheng Mei Ching (being an executive Director and the sibling of Mr. Cheng) and 13,914,000 Share Options held by Mr. Lui Man Wah (being an executive Director), each being the parties presumed to be acting in concert with the Offeror, there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iii) save for the purchase of the Sale Shares pursuant to the Sale and Purchase Agreement and save as disclosed above, none of the Offeror, its ultimate beneficial owner, nor any person acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the Relevant Period;
- (iv) save for 750,000 Shares held by Mr. Lee Chi Shing, Caesar, none of the persons, who have irrevocably committed themselves to accept or reject the Offer prior to the posting of this Composite Document (i.e. the Undertakings), had any Shares issued by the Company;
- (v) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (vi) save for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (vii) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or parties acting in concert with any of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (viii) other than the Undertakings, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has received any irrevocable commitment(s) to accept or reject the Offer;
- (ix) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, nor any person acting in concert with it;

- (x) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (xi) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (xii) there is no understanding, agreement or arrangement or special deal under Rule 25 of the Takeovers Code between the Offeror, its ultimate beneficial owner and parties acting in concert with any of them on the one hand and First Cheer and parties acting in concert with it or any other Shareholders on the other hand;
- (xiii) save for the total consideration for the Sale Shares, no other consideration, compensation or benefit in whatever form is paid or to be paid by the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them to First Cheer or any parties acting in concert with it in connection with the sale and purchase of the Sale Shares;
- (xiv) as at the Latest Practicable Date, save for (1) Red Sun Capital will act as the offer agent for the Offer; (2) the Sale and Purchase Agreement; and (3) the Loan, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror and any party acting in concert with it; or (b) the Company, its subsidiaries or associated companies;
- (xv) there is not any understanding, arrangement or agreement or special deal between any Shareholder and the Offeror, its ultimate beneficial owner and parties acting in concert with any of them;
- (xvi) No benefit will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (xvii) No arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exist between the Offeror, or any person acting in concert with it, and any other person.

4. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the professional adviser whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualification
Red Sun Capital	Red Sun Capital Limited, a corporation licensed by the SFC to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer and the agent making the Offer on behalf of the Offeror

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of their letter, advice and/or references to their name, in the form and context in which they appear herein.

5. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last trading day prior to the commencement of the Offer Period (i.e. the Last Trading Day); (ii) the last day on which trading took place in each of the calendar months during the Relevant Period; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 March 2021	1.280
30 April 2021	1.240
31 May 2021	0.890
30 June 2021	0.660
30 July 2021	0.500
30 August 2021 (Last Trading Day)	0.500
30 September 2021	0.580
8 October 2021 (Latest Practicable Date)	0.580

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$1.570 per Share on 9 April 2021; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.420 per Share on 6 August 2021.

6. MISCELLANEOUS

- a. The correspondence address of the Offeror is situated at Room 03, 26/F, One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Hong Kong.
- b. The main business address of Red Sun Capital is situated at Room 3303, 33/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- c. In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the websites of the SFC (<http://www.sfc.hk>) and the Company (<http://www.sun8029.com>); and (ii) at the head office and principal place of business of the Company in Hong Kong at Room 03, 26/F, One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document up to and including the Closing Date:

- a. the memorandum and articles of association of the Offeror;
- b. the letter from Red Sun Capital, the text of which is set out on pages 6 to 13 of this Composite Document;
- c. the written consent as referred to in the section headed “4. Qualification and Consent of Expert” in this Appendix IV;
- d. the Sale and Purchase Agreement; and
- e. the Undertakings.

1. REPORT FROM HLB HODGSON IMPEY CHENG LIMITED

The following is the full text of the report prepared for the purpose of incorporation in this Composite Document, received from HLB Hodgson Impey Cheng Limited, the auditors of the Company.

7 October 2021

The Board of Directors
Sun International Group Limited
Room 03, 26/F, One Harbour Square
No. 181 Hoi Bun Road
Kwun Tong, Kowloon
HONG KONG

Dear Sirs,

Sun International Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)
Profit Estimate for the Six Months Ended 30 September 2021

We refer to the statement as set out in the announcement of the Company dated 7 October 2021 (the “**Profit Warning Announcement**”) in respect of the profit warning made by the directors of the Company, which contains an estimate of unaudited consolidated net loss of the Group attributable to owners of the Company for the six months ended 30 September 2021 (the “**Profit Estimate**”) as extracted below:

“Based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021, the business operation and information of the Group currently available to the board (the “Board”) of directors (the “Directors”) of the Company as at the date of this announcement, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$16 million for the six months ended 30 September 2021, as compared to a profit attributable to owners of the Company of approximately HK\$12.1 million for the period ended 30 September 2020.

Following the commencement of its cryptocurrency mining activities in Kazakhstan in July 2021, the Group has successfully mined Bitcoin through its cryptocurrency mining activities. As at the date of this announcement, the Group has disposed of part of Bitcoin mined. Notwithstanding the increase in revenue from disposal of Bitcoin, the Group is expected to record a loss attributable to owners of the Company for the six months ended 30 September 2021 mainly attributable to following factors:

- (i) the Group is expected to recognise an impairment loss for expected credit losses on trade receivables during the six months ended 30 September 2021 instead of the reversal of impairment losses for expected credit losses on trade receivables of approximately HK\$16.2 million for the six months ended 30 September 2020;*

- (ii) *the Group established the cryptocurrency mining segment during the six months ended 30 September 2021 and the Group incurred non-recurring expenses of approximately HK\$7.8 million during the relocation of the equipment for cryptocurrency mining from the People's Republic of China to Kazakhstan. As a result, it is preliminarily expected that the cryptocurrency mining segment of the Group would incur a segment loss of approximately HK\$6.4 million for the six months ended 30 September 2021; and*
- (iii) *the overall decrease in total revenue from financial and equine services segment for the six months ended 30 September 2021 comparing with the six months ended 30 September 2020."*

We have been advised by the directors of the Company that the Profit Estimate was prepared based on the unaudited consolidated management accounts of the Group for the five months ended 31 September 2021 and an estimate of the consolidated results of the Group for the remaining one month ended 30 September 2021, which had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 March 2021, except for certain new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are applicable for the Group’s annual period beginning on 1 April 2021.

The Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission.

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021 and an estimate of the consolidated results of the Group for the remaining one month ended 30 September 2021.

The Company’s directors are solely responsible for the Profit Estimate.

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 behavior. 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 Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2021, except for certain new and amendments to HKFRSs issued by the HKICPA which are applicable for the Group's annual period beginning on 1 April 2021.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong

2. REPORT FROM ASTRUM CAPITAL MANAGEMENT LIMITED

The following is the full text of the report prepared for the purpose of incorporation in this Composite Document, received from Astrum Capital Management Limited, the Independent Financial Adviser.

7 October 2021

Sun International Group Limited

Room 03, 26/F
One Harbour Square
No. 181 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Attention: the Board of Directors

Dear Sirs,

We refer to the profit warning statement made by Sun International Group Limited (the “**Company**”) in its announcement dated 7 October 2021 in respect of the Group’s consolidated financial results for the six months ended 30 September 2021 (the “**Profit Warning Statement**”). We note that the Profit Warning Statement is regarded as a profit forecast pursuant to Rule 10 of the Takeovers Code. Capitalised terms used herein shall have the same meanings as defined in the announcement jointly issued by Fresh Success Investments Limited and the Company dated 7 September 2021 unless the context requires otherwise.

With reference to the Profit Warning Statement, it states that:

“Based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021, the business operation and information of the Group currently available to the board (the “Board”) of directors (the “Directors”) of the Company as at the date of this announcement, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$16 million for the six months ended 30 September 2021, as compared to a profit attributable to owners of the Company of approximately HK\$12.1 million for the period ended 30 September 2020.

Following the commencement of its cryptocurrency mining activities in Kazakhstan in July 2021, the Group has successfully mined Bitcoin through its cryptocurrency mining activities. As at the date of this announcement, the Group has disposed of part of Bitcoin mined. Notwithstanding the

increase in revenue from disposal of Bitcoin, the Group is expected to record a loss attributable to owners of the Company for the six months ended 30 September 2021 mainly attributable to following factors:

- (i) the Group is expected to recognise an impairment loss for expected credit losses on trade receivables during the six months ended 30 September 2021 instead of the reversal of impairment losses for expected credit losses on trade receivables of approximately HK\$16.2 million for the six months ended 30 September 2020;*
- (ii) the Group established the cryptocurrency mining segment during the six months ended 30 September 2021 and the Group incurred non-recurring expenses of approximately HK\$7.8 million during the relocation of the equipment for cryptocurrency mining from the People's Republic of China to Kazakhstan. As a result, it is preliminarily expected that the cryptocurrency mining segment of the Group would incur a segment loss of approximately HK\$6.4 million for the six months ended 30 September 2021; and*
- (iii) the overall decrease in total revenue from financial and equine services segment for the six months ended 30 September 2021 comparing with the six months ended 30 September 2020."*

We have reviewed the Profit Warning Statement and other relevant information and documents which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the key bases upon which the Profit Warning Statement has been made. In addition, we have considered, and relied upon, the report on the Profit Warning Statement from HLB Hodgson Impey Cheng Limited addressed to the Directors dated 7 October 2021 regarding the accounting policies and the arithmetical accuracy of the calculations upon which the Profit Warning Statement has been made.

Based on the above, we are of the opinion that the Profit Warning Statement, for which the Directors are solely responsible, has been made with due care and consideration.

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