



红日资本有限公司
RED SUN CAPITAL LIMITED

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).

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

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.

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.

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.

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

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.

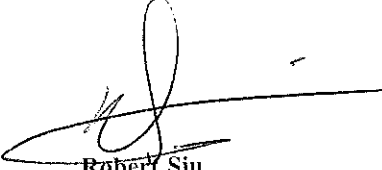
The Offeror and parties acting in concert with it, the Company, Red Sun Capital, Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer, (i) will not be responsible 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.

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.