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太陽國際集團有限公司
SUN INTERNATIONAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8029)

PROFIT WARNING
AND
RULE 10 OF THE TAKEOVERS CODE

This announcement is made by Sun International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong) and to keep the shareholders and potential investors of the Company informed of the latest development of the Group.

PROFIT WARNING

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.

The Company is in the process of finalising the interim results of the Group for the six months ended 30 September 2021. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the five months ended 31 August 2021 and the business operation information of the Group currently available to the Board as at the date of this announcement, which have not been finalised, reviewed by the Company's audit committee, reviewed or audited by the Company's auditors. The actual consolidated results of the Company for the six months ended 30 September 2021 may, therefore, differ from the information disclosed in this announcement. Shareholders and potential investors are advised to refer to details in the Group's interim results announcement for the six months ended 30 September 2021 which is expected to be published in or before mid-November 2021.

RULE 10 OF THE CODE ON TAKEOVERS AND MERGERS (THE "TAKEOVERS CODE")

Reference is made to the announcements jointly issued by the Company and Fresh Success Investments Limited (i) on 7 September 2021 regarding, among other things, the Offer; and (ii) on 28 September 2021 regarding the delay in the despatch of the Composite Document (the "**Joint Announcements**"). Unless otherwise defined herein, capitalized terms used in this section of this announcement shall have the same meanings as those defined in the Joint Announcements.

Following the publication of the Joint Announcements, the profit warning (the “**Profit Warning**”) included in this 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 Limited (“**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. The reports from HLB and Astrum Capital Management have been lodged with the Executive (as defined in the Takeovers Code) and the text of which are set out in the appendices to this announcement.

Each of HLB and Astrum Capital Management has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its report and references to use its name in the form and context in which they appear in this announcement.

CAUTION STATEMENT

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SUN INTERNATIONAL GROUP LIMITED
Cheng Mei Ching
Director

Hong Kong, 7 October 2021

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

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

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at <http://www.sun8029.com/>.

APPENDIX I – REPORT FROM HLB HODGSON IMPEY CHENG LIMITED

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

APPENDIX II – REPORT FROM ASTRUM CAPITAL MANAGEMENT LIMITED

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