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## **Sun International Group Limited**

**太陽國際集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8029)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF 60% INTEREST IN A COMPANY ENGAGED IN IRON MINING AND EXPLORATION IN CANADA**

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of Company, entered into the MOU with the Vendor in relation to the Possible Acquisition.

The Target is a company incorporated in Hong Kong and is wholly and beneficially owned by the Vendor. The Target is in turn the legal and beneficial owner of 60% of Union Glory, a company incorporated in Canada which is principally engaged in iron mining business in Canada. Union Glory is currently holding certain mining rights (subject to reactivation) issued by the relevant government authority of Quebec for the Mine which is situated at Schefferville, Canada. The Vendor represented that the Mine has iron (Fe > 63%) reserves of not less than 140,000,000 tonnes.

**The Board wishes to emphasize that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Formal Agreement is entered into, the Possible Acquisition may constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of Company, entered into the MOU with the Vendor pursuant to which the Vendor will sell and the Purchaser will acquire the Sale Share, representing 100% of the issued share capital of the Target, and the Sale Loan, representing approximately 100% of the entire outstanding loan owed by the Target to the Vendor, subject to and upon the terms of the MOU.

#### **THE MOU**

Date: 7 June 2010

Parties:

- (i) Vendor: U G Liang Mining Limited
- (ii) Purchaser: Galileo Capital Group (BVI) Limited

### **Major terms of the MOU**

Under the MOU, the Purchaser intends to acquire and the Vendor intends to dispose of the Sale Share and the Sale Loan subject to and upon the terms and conditions of the MOU. Therefore, upon completion of the Formal Agreement, the Target shall become a wholly-owned subsidiary of the Purchaser and the Purchaser shall be effectively interested in 60% of the registered capital of Union Glory.

### ***Due Diligence Review***

The Purchaser will commence the due diligence review and analysis of the Target Group and the Mine as soon as practicable after the execution the MOU.

### ***Exclusivity Period***

Under the MOU, it is agreed that neither the Target nor the Vendor will during the Exclusivity Period negotiate with any party other than the Purchaser or its affiliates for the Possible Acquisition. Under the MOU, it is also intended that the Purchaser and the Vendor will negotiate in good faith towards each other and enter into the Formal Agreement within the Exclusivity Period.

### ***Consideration***

Pursuant to the MOU, the aggregate consideration (the “**Consideration**”) payable for the Possible Acquisition in respect of the Sale Share and the Sale Loan is intended to be HK\$300,000,000 and the exact amount shall be subject to further negotiation between the Vendor and the Purchaser.

It is further agreed that a sum of US\$3,000,000 (equivalent to approximately HK\$23,400,000) (the “**Deposit**”) shall be paid in cash as deposit and part payment of the Consideration upon the signing of the MOU by the Purchaser to the Vendor’s Solicitors, as stakeholders who may only release the same to the Vendor provided that a prior written consent is given by the Purchaser.

Pursuant to the MOU, if the Formal Agreement is not entered into on or before the Relevant Date, the MOU shall cease and terminate and the Vendor shall forthwith procure the Vendor’s Solicitors to refund the Deposit (without interest) in full to the Purchaser in any event, and neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

### **Information of the Target Group**

The Target is a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by the Vendor. The Target is in turn the legal and beneficial owner of 60% of Union Glory, a company incorporated in Canada with limited liability and is principally engaged in iron mining business in Canada. Union Glory is currently holding certain mining rights (subject to reactivation), valid to February 2013 and can be renewed for another 20-year period and further renewal at the discretion of the Government of Quebec, issued by the relevant government authority of Quebec for the Mine which is located in Schefferville, Canada. The Vendor represented that the Mine has iron (Fe > 63%) reserves of not less than 140,000,000 tonnes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**The Board wishes to emphasize that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## DEFINITIONS

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

“Board”	the board of Directors from time to time
“Company”	Sun International Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Exclusivity Period”	the period from the date of the MOU to the Relevant Date, in which the Vendor will not negotiate with any party other than the Purchaser for the Possible Acquisition
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mine”	the mine located in Schefferville, Canada
“MOU”	the non-legally binding memorandum of understanding dated 7 June 2010 entered into between the Purchaser and the Vendor setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Purchaser from the Vendor of (i) the Sale Share and (ii) the Sale Loan as contemplated in the MOU

“Purchaser”	Galileo Capital Group (BVI) Limited, a wholly-owned subsidiary of the Company which is principally engaged in investment holdings
“Relevant Date”	on or before 23 June 2010 (or such other date as may be agreed by the Purchaser and the Vendor), in which the Formal Agreement shall be entered into between the Vendor and the Purchaser
“Sale Loan”	100% of all the obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to the completion of the Possible Acquisition whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the Possible Acquisition
“Sale Share”	100% of the equity interest of the Target, which is currently beneficially owned by the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	U G Mining Holdings Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 100% by the Vendor, being a third party independent of the Company and its connected persons
“Target Group”	the Target and its subsidiaries
“Union Glory”	Union Glory Exploration Limited, a company incorporated in Canada with limited liability, which is beneficially owned as to 60% by the Target, being a third party independent of the Company and its connected persons
“Vendor”	U G Liang Mining Limited, a company incorporated in Hong Kong with limited liability
“Vendor’s Solicitors”	Sun & Partners Professional Corporation
“%”	per cent
“HK\$”	Hong Kong dollars
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board  
**Sun International Group Limited**  
**Chau Cheok Wa**  
*Executive Director*

Hong Kong, 7 June 2010

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Chau Cheok Wa, Mr. Tang Hon Kwong, Ms. Cheng Mei Ching and Mr. Lee Chi Shing, Caesar and three independent non-executive Directors, namely, Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael and Mr. Ng Tat Fai.*

*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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at <http://www.sun8029.com>.*