
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Sun International Group Limited (the “**Company**”), you should at once hand this circular and the enclosed form of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

REFRESHMENT OF GENERAL MANDATES

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



Donvex Capital Limited

A letter from the Independent Board Committee is set out on page 8 of this circular. A letter from Donvex Capital Limited, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 14 of this circular.

A notice convening the extraordinary general meeting to be held at 22/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong at 4:00 p.m. on Thursday, 6 January 2011 is set out on pages 18 to 21 of this circular and a form of proxy for use at the extraordinary general meeting is enclosed herein.

Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of publication.

21 December 2010

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached other than companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company held on 30 July 2010
“Articles”	the existing articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Code”	the Hong Kong Code on takeovers and Mergers
“Company”	Sun International Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Convertible Notes”	the three-year 8% coupon convertible notes with 13% yield in principal amount of RMB130,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Donvex “	Donvex Capital Limited, a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate
“EGM”	the extraordinary general meeting of the Company to be convened and held at 22/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong on Thursday, 6 January 2011 at 4:00 p.m.
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 183,022,000 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 91,511,000 Shares, representing 10% of the then issued share capital of the Company

DEFINITIONS

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandates”	the Issue Mandate and Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board, comprising Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael and Mr. Ng Tat Fai, being the independent non-executive Directors, constituted to advise the Independent Shareholders on the refreshment of the Issue Mandate
“Independent Shareholders”	the Shareholders other than Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, who are Mr. Chau Cheok Wa, Mr. Tang Hon Kwong, Ms. Cheng Mei Ching and Mr. Lee Chi Shing, Caesar and their respective associates
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of EGM and to extend the issue mandate to include the Shares repurchased under the Repurchase Mandate
“Latest Practicable Date”	17 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“Notice”	the notice convening the EGM which is set out on page 18 to 21 of this circular
“Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to exercise the power of the Company to repurchase Shares on GEM up to 10% of the issued share capital of the Company on the date of the EGM
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)

DEFINITIONS

“Share(s)”	share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Notes by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 November 2010 entered into between the Company and Concept Capital Management Ltd. in relation to the Subscription and issue of the Convertible Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Chau Cheok Wa
Mr. Tang Hon Kwong
Ms. Cheng Mei Ching
Mr. Lee Chi Shing, Caesar

Registered office:

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

Independent non-executive Directors:

Mr. Fung Kwok Ki
Mr. Poon Lai Yin, Michael
Mr. Ng Tat Fai

*Head office and principal place of
business in Hong Kong:*

21/F., The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

21 December 2010

To: the Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES

INTRODUCTION

The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the EGM relating to the refreshment of the General Mandates.

REFRESHMENT OF GENERAL MANDATES

During the period from the granting of the Existing General Mandate to the Latest Practicable Date, the mandate granted to Directors to issue Shares at the AGM has been utilised as to 88,674,902 Shares (being approximately 48.45% of the 183,022,000 Shares that are allowed to be allotted and issued under the Existing General Mandate) as a result of completion of the Subscription Agreement on 8 December 2010 and on the basis that full exercise of the conversion rights attaching to the Convertible Notes at the initial conversion price of HK\$2.00 per Share. The Company wishes to seek approval of Shareholders at the EGM to refresh the General Mandates in order to allow the flexibility

LETTER FROM THE BOARD

for future business development and/or fund raising. Based on the issued share capital of the Company as at the date hereof of 927,600,000 Shares and assuming there is no change in the issued share capital until the date of the EGM, the Issue Mandate will allow the Directors to issue and allot up to 185,520,000 new Shares. Save as disclosed in the announcement of the Company dated 17 December 2010 relating to the proposed acquisition, as at the Latest Practicable Date, the Company had no other negotiations relating to intended acquisitions. The Company may issue Shares based on the refreshed general mandate in the future but as at the Latest Practicable Date, no plan in this respect has been concretized.

At the EGM, resolutions will be proposed to:—

- (1) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company on the date of the EGM;
- (2) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to repurchase Shares on GEM up to a maximum of 10% of the issued share capital of the Company on the date of the EGM; and
- (3) by a separate ordinary resolution, extend the general and unconditional mandate referred to in (1) above so that the Directors be given a general mandate to issue further Shares equal to the Shares repurchased under the repurchase mandate referred to in (2) above.

Pursuant to the GEM Listing Rules, the Issue Mandate will be subject to the Shareholders' approval by way of a poll at which the controlling shareholders of the Company and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions to be proposed in respect of the Issue Mandate.

As at the Latest Practicable Date, the Company had no controlling shareholder, 165,775,000 Shares were held by First Cheer Holdings Limited, which is beneficially owned by as to 50% by Mr. Chau Cheok Wa, the chairman and an executive director of the Company, and his associates; and 3,700,000 Shares and 500,000 Shares were held by Mr. Tang Hon Kwong and Mr. Lee Chi Shing, Caesar respectively. On the aforesaid basis, Mr. Chau Cheok Wa, Mr. Tang Hon Kwong and Mr. Lee Chi Shing, Caesar and their respective associates are required to abstain from voting in favour of resolution to refresh the Issue Mandate at the EGM. In accordance with the GEM Listing Rules, Donvex has been appointed by the Company to advise Independent Board Committee and the Independent Shareholders on the refreshment of the Issue Mandate.

There has not been any refreshment of general mandate to issue new Shares since the AGM. The following table summarises the use of the general mandate to issue Shares granted at the AGM;

LETTER FROM THE BOARD

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
25 November 2010	Issue of Convertible Notes to a subscriber under general mandate granted at AGM	HK\$151 million	For financing the possible future investments of the Group and/or the general working capital of the Group.	Not yet utilized

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held on Thursday, 6 January 2011 is set out on pages 18 to 21 of this circular and a form of proxy for use at the EGM is herein enclosed.

Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the EGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the EGM if they so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 8 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolutions to approve the Issue Mandate.

The advice of Donvex, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the refreshment of the Issue Mandate are in the interest of the Company and its Shareholders as a whole are set out on pages 9 to 14 of this circular.

The Directors consider that resolutions as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend you to vote in favour of the resolutions referred to above to be proposed at the EGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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 circular 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 circular misleading.

GENERAL

Your attention is drawn to the information contained in the appendix to this circular.

By order of the Board
Sun International Group Limited
Chau Cheok Wa
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

21 December 2010

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF THE ISSUE MANDATE

We refer to the circular of the Company dated 21 December 2010 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders as to whether the refreshment of the Issue Mandate is in the best interest of the Company and its Shareholders, and fair and reasonable so far as the Independent Shareholders are concerned. Donvex has been appointed as the independent financial adviser to advise you and us in this respect.

Having considered the advice of Donvex in relation to the refreshment of the Issue Mandate as set out on pages 9 to 14 of the Circular, we are of the opinion that the refreshment of the Issue Mandate is in the interest of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommended that you vote in favour of the ordinary resolutions to be proposed at the EGM for the refreshment of the Issue Mandate.

Yours faithfully,

Independent Board Committee

Mr. Fung Kwok Ki
Independent
Non-executive Director

Mr. Poon Lai Yin, Michael
Independent
Non-executive Director

Mr. Ng Tat Fai
Independent
Non-executive Director

LETTER FROM DONVEX

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

21 December 2010

*The Independent Board Committee
and the Independent Shareholders of
Sun International Group Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate and any extension thereof, details of which are set out in the letter from the Board contained in the circular of the Company dated 21 December 2010 to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 183,022,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 915,110,000 Shares as at the date of passing of the resolution. During the period from the grant of the Existing General Mandate to the Latest Practicable Date, have been utilized as to 88,674,902 Shares (being approximately 48.45% of the 183,022,000 Shares that are allowed to be allotted and issued under the Existing General Mandate) as a result of completion of the Subscription Agreement on 8 December 2010 and on the basis that full exercise of the conversion rights attaching to the Convertible Notes at the initial conversion price of HK\$2.00 per Share.

In accordance with Rule 17.42(A) of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders by way of poll at the SGM, at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding the independent non executive Directors) and the chief executive and their respective associates shall abstain from voting in favour of the resolution approving the New General Mandate. To the best of the Company's information and belief after having made reasonable enquiries, as at the Latest

LETTER FROM DONVEX

Practicable Date, the Company has no controlling Shareholder. As at the Latest Practicable Date, the Company had no controlling shareholder, 165,775,000 Shares were held by First Cheer Holdings Limited, which is beneficially owned by as to 50% by Mr. Chau Cheok Wa, the chairman and an executive director of the Company, and his associates; and 3,700,000 Shares and 500,000 Shares were held by Mr. Tang Hon Kwong and Mr. Lee Chi Shing, Caesar respectively. On the aforesaid basis, Mr. Chau Cheok Wa, Mr. Tang Hon Kwong and Mr. Lee Chi Shing, Caesar and their respective associates are required to abstain from voting in favour of resolution to refresh the Issue Mandate at the EGM.

Since the AGM and except for the proposed grant of the New General Mandate herein, the Company has not refreshed its general mandate granted at the AGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fung Kwok Ki, Mr. Poon Lai Yin, Michael and Mr. Ng Tat Fai has been constituted to make recommendations to the Independent Shareholders in respect of the fairness and reasonableness of the New General Mandate. We, Donvex Capital Limited, have been appointed, with the approval of the Independent Board Committee, to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the New General Mandate and any extension thereof are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favor of the resolution for approving the New General Mandate and any extension thereof.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinion expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. The Directors also confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

LETTER FROM DONVEX

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the New General Mandate and any extension thereof, we have considered the following principal factors and reasons:

1. Background to and reasons for the grant of the New General Mandate and any extension thereof

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 83,022,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 915,110,000 Shares as at the date of passing of the resolution. During the period from the grant of the Existing General Mandate to the Latest Practicable Date, have been utilized as to 88,674,902 Shares (being approximately 48.45% of the 183,022,000 Shares that are allowed to be allotted and issued under the Existing General Mandate) as a result of completion of the Subscription Agreement on 8 December 2010 and on the basis that full exercise of the conversion rights attaching to the Convertible Notes at the initial conversion price of HK\$2.00 per Share.

Since the AGM and except for the proposed grant of the New General Mandate herein, the Company has not refreshed its general mandate granted at the AGM.

Given there is remaining 94,347,098 Shares, which can be issued under the Existing General Mandate, the Directors consider that the New General Mandate provide flexibility and discretion to the Directors to issue new Shares in the future which is necessary for the Group's funding needs and future business development, in particular there may be possibilities that the Group would identify suitable investment opportunities before the next annual general meeting which may incur funding requirements.

Although we were also advised that the Directors do not expect immediate funding need for the Group's current operations, the Directors are of the view that the granting of the New General Mandate and any extension thereof will allow the Company to raise fund at the appropriate time and make it available for any business opportunity for the Group as (i) the investment in mining industry, if any, requires substantial investment amount; and (ii) the amount of HK\$151 million to be raised from the issuance of the convertible notes will be subject to adjustment of the conversion price as stated in the announcement dated 25 November 2010. In any event that the conversion price is adjusted to minimum reset price of HK\$1.2, the Existing General Mandate will be utilized more than 70%. As such, the remaining unused portion of the Existing General Mandate will not be sufficient for the Company to raise fund for any business opportunity before the next annual general meeting. Save for the proposed acquisition stated in the announcement dated 17 December 2010, the Company has no other acquisition under negotiation as at the Latest Practicable Date. In view of the above reason, we are in the opinion that the granting of the New General Mandate and any extension thereof are in the interest of the Company and its Shareholders.

LETTER FROM DONVEX

In view of the above and having considered that the grant of the New General Mandate and any extension thereof shall (i) provide the Directors with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; (ii) provide the Company with flexibility to raise additional fund as general working capital or to capture any potential business opportunity as and when it arises; and (iii) offer the Company an opportunity to raise fund by equity financing, which is important to the growth and development of the Group given the nature of equity financing is non-interest bearing and requires no collaterals or pledge of securities, we are of the view that the grant of the New General Mandate and any extension thereof are in the interests of the Company and the Shareholders as a whole.

2. Other financing alternatives

We understand from the management of the Company that apart from equity financing, the Board will also consider other financing alternatives such as debt financing as possible fund raising method for the Group. However, debt financing shall inevitably create interest payment obligations on the Group and it may be subject to lengthy due diligence and negotiations between the Group and the financiers. In addition, the ability of the Group to obtain bank borrowings usually depends on the profitability and financial standing of the Group as well as the then prevailing market condition. In light of the above and the decreasing profit trend of the Group for the six months ended 30 September 2009 and 2010, the management of the Company considers debt financing to be relatively uncertain and time-consuming as compared to equity financing as the financial institution has more concern as to the overall profitability of the Company instead of its operating profit. Given that the Company has a decreasing profitability for the six months ended 30 September 2009 and 2010, the management of the Company is of the view that it is critical for the Company to have flexibility in accessing various possible equity financing opportunities. The management of the Company further advised us that they would exercise due and careful consideration when deciding the method of financing for the Group.

We consider that the grant of the New General Mandate and any extension thereof will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and/or possible investment. Accordingly, we consider that the grant of the New General Mandate and any extension thereof are in the interests of the Company and its Shareholders as a whole.

LETTER FROM DONVEX

3. Potential dilution to shareholding of the Independent Shareholders

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilization of the New General Mandate, assuming no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM:

	As at the Latest Practicable Date		Upon full conversion of the Convertible Notes and utilization of the Issue Mandate	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
First Cheer Holdings Limited <i>(Note 1)</i>	165,775,000	17.87	165,775,000	13.74
Yeung Hak Kan	118,298,500	12.75	118,298,500	9.84
Premier United Limited <i>(Note 2)</i>	95,000,000	10.24	95,000,000	7.91
Convertible Note Holder	—	—	88,674,902	7.38
Public Shareholders	548,526,500	59.14	544,336,500	45.64
Full utilization of the New General Mandate	—	—	185,520,000	15.44
Total	<u>927,600,000</u>	<u>100</u>	<u>1,201,796,902</u>	<u>100</u>

Note:

- (1) First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheek Wa.
- (2) Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May. Accordingly, both Mr. Chan Ping Che and Ms. Lam Shiu May are deemed under the SFO to be interested in the 95,000,000 shares beneficially owned by Premier United Limited.

As illustrated in the above table, assuming no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM, the aggregate shareholding of the existing public Shareholders will be reduced from approximately 58.95% to approximately 45.48% upon full utilization of the New General Mandate. The potential dilution to the shareholding of the existing Shareholders represents a dilution of approximately 13.50%. Taking into account the aforementioned benefits of granting the New General Mandate and the fact that the shareholding of all Shareholders will be diluted to the same extent, we consider the potential dilution of shareholding to be acceptable.

LETTER FROM DONVEX

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the New General Mandate and any extension thereof are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution to approve the New General Mandate and any extension thereof at the EGM.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

This Appendix serves as an explanatory statement required to be sent to all Shareholders pursuant to Rule 13.08 of the GEM Listing Rules, to provide the requisite information to you for your consideration of the grant of the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised of 927,600,000 Shares.

Subject to the passing of ordinary resolution No. 2 set out in the Notice and on the basis that no further Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of passing such resolution, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 92,760,000 Shares (representing 10% of the Shares in issue as at the date of the passing of the resolution) during the period from the date of the passing of ordinary resolution No. 2 set out in the Notice up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company. It will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company, the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Company's 2010 annual report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum of association of the Company, the Articles and the applicable laws of the Cayman Islands.

6. THE CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares in issue:

Name	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
First Cheer Holdings Limited (<i>Note 1</i>)	165,775,000	17.87%	19.86%
Yeung Hak Kan	118,298,500	12.75%	14.17%
Premier United Limited (<i>Note 2</i>)	95,000,000	10.24%	11.38%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa and as to 50% by Mr. Cheng Ting Kong.
2. Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May.

In the event the Directors should exercise in full the Repurchase Mandate, the interests of the above substantial Shareholders would be increased to such percentage as shown in the last column above. The Directors are not aware of any consequences which will arise under the Code as a result of any repurchases to be made under the Repurchase Mandate.

7. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company, whether on GEM or otherwise, in the six months preceding the Latest Practicable Date.

8. DIRECTOR AND CONNECTED PERSON

As at the Latest Practicable Date, to the best of Directors' knowledge having made all reasonable enquiries, none of the Directors nor their associates have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected person has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

9. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM during each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Highest per Share <i>HK\$</i>	Lowest per Share <i>HK\$</i>
2009		
December	0.91	0.59
2010		
January	0.97	0.77
February	0.97	0.82
March	1.16	0.89
April	1.23	0.90
May	1.06	0.60
June	0.87	0.70
July	0.77	0.66
August	0.76	0.60
September	0.85	0.63
October	0.98	0.72
November	1.64	0.91
December (up to the Latest Practicable Date)	1.91	1.62

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Sun International Group Limited (the “**Company**”) will be held at 22/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong at 4:00 p.m. on Thursday, 6 January 2011 to consider and, if thought fit, to pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on Growth Enterprise Market (“**GEM**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional Shares in the capital of the Company (“**Shares**”) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or; (ii) any issue of shares upon exercise of rights of subscription or conversion attaching to any warrants of the Company or any securities which are convertible into Shares of the Company; or (iii) the grant of any options under the share option scheme (the “**Share Option Scheme**”) adopted by the Company or the exercise of any of the subscription rights attaching to any options that have been or may be granted under the Share Option Scheme; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares or an offer or issue of warrants or options or similar instruments to subscribe for Shares in the capital of the Company open for a period fixed by the Directors to Shareholders whose names appear on the Company’s register of members on a fixed record date in proportion to their holdings of Shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in, or in any territory outside Hong Kong or the expense or delay that may be incurred in the determination of any such restrictions or obligations).”

2. “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares of HK\$0.04 each in the share capital of the Company on GEM or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (“**SFC**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares capital of the Company authorized to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

3. “**THAT** conditional upon the passing of resolutions no. 1 and 2 above, the unconditional general mandate granted to the Directors to allot, issue and otherwise deal with additional shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution no. 1 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 2 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By order of the Board
Sun International Group Limited
Chau Cheok Wa
Chairman

Hong Kong, 21 December 2010

Registered office:

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

Principal place of business in Hong Kong:

21/F., The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:—

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. The completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.

As at the date hereof, 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.