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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)

ANNOUNCEMENT

MAJOR TRANSACTION – ACQUISITION OF 51% INTEREST IN VANADIUM AND SILICA MINING COMPANY IN THE PRC AND RESUMPTION OF TRADING

THE ACQUISITION

The Board is pleased to announce that on 12 December 2010, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to acquire the Sale Capital and the Sale Loan from the Vendor at a total consideration of HK\$408 million, which would be satisfied (i) as to HK\$30 million in cash, being the Deposit, within three (3) Business Days after signing of the Sale and Purchase Agreement; (ii) as to HK\$178 million in cash upon Completion; (iii) as to HK\$100 million by the Purchaser procuring the Company to issue to the Vendor or his nominee of the Promissory Note upon Completion; and (iv) as to HK\$100 million by the Purchaser procuring the Company to allot and issue of the Consideration Shares to the Vendor or his nominee, credit as fully paid, at the Issue Price of HK\$2.00 per Consideration Share upon Completion.

Pursuant to the terms of the Sale and Purchase Agreement, the Sale Loan shall be assigned to the Purchaser upon Completion.

The Target Company is an investment holding company and holds 100% equity interest of the PRC Subsidiary. The PRC Subsidiary, a wholly owned foreign enterprise established in the PRC, is the beneficial owner of a mining and exploitation licence in respect of the iron resources at the Mine. The PRC Subsidiary will apply to the relevant PRC authorities to obtain amended mining and exploitation licence so that the PRC Subsidiary will be able to exploit the vanadium and silica resources at the Mine. This amendment of the current mining and exploitation licence is a condition precedent to Completion. According to the preliminary opinion of the PRC legal advisors to the Company, subject to payment of resources tax and submission of relevant exploration reports, there shall not be any legal obstacles to the application of the amendment of the current mining and exploitation licence. The Company confirmed that the amount of iron resources at the Mine is not sufficient to justify commercial exploitation, and so no iron exploitation will be carried out by the Target Group.

Completion is subject to fulfillment or waiver of certain conditions precedent as set out in the section headed "Conditions precedent" below.

As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 100% but exceed 25%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Note and the allotment and issue of the Consideration Shares). As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Circular containing, among other things, (i) further details of the Acquisition, (ii) the Technical Report, (iii) the Valuation Report; and (iv) a notice of EGM, will be despatched to the Shareholders. Since additional time is required for the Company to prepare information to be inserted into the Circular including the Valuation Report and the Technical Report, the Company expects that the Circular will be despatched on or before 31 March 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 December 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares on the Stock Exchange with effect from 9:30 a.m. on 7 January 2011.

INTRODUCTION

Reference is made to the announcement published by the Company on 23 November 2010 relating to the proposed acquisition of the registered and paid-up capital of the PRC Subsidiary.

On 23 November 2010, the Purchaser entered into the MOU with the Target Company regarding the acquisition of the registered and paid-up capital of the PRC Subsidiary. Pursuant to the MOU, the Group intends to acquire and the Target Company intends to dispose of not less than 50% of the registered and paid up capital of the PRC Subsidiary. According to the terms of the MOU, the Purchaser agreed to pay the amount of HK\$30 million, as a refundable earnest money, to an escrow agent jointly appointed by the Purchaser and the Target Company (which shall be treated as part of the consideration in the event that the formal agreement is entered into between the Purchaser and

the Target Company). In addition, the Target Company has granted an exclusivity period of 180 days from the date of the MOU to the Purchaser, during which the Target Company shall not be engaged in negotiation with any other third party for the acquisition of the registered and paid-up capital of the PRC Subsidiary.

Subsequently, the Purchaser, the Vendor (i.e. the ultimate beneficial owner of the Target Company) and the Target Company negotiated further and agreed to change the structure of the proposed acquisition. Instead of acquiring the paid-up and registered share capital of the PRC Subsidiary from the Target Company, the Purchaser will acquire 51% of the issued share capital of and the shareholder's loan due from the Target Company from the Vendor. The Purchaser, the Vendor and the Target Company also entered into a supplemental letter to revise the terms of the escrow for the HK\$30 million as a result. Such HK\$30 million had been applied by the Purchaser as the Deposit for the Acquisition.

On 12 December 2010, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Capital and the Sale Loan at a total consideration of HK\$408 million.

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date

12 December 2010

Parties

The Purchaser and the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and his associates is a third party independent of the Company and its connected persons.

Consideration

The Consideration is HK\$408 million, which has been and will be satisfied by the Purchaser in the following manner:

- (i) as to HK\$30 million in cash, being the Deposit, which was paid by the Purchaser, through the escrow agent, to the Vendor within three (3) Business Days after signing of the Sale and Purchase Agreement;
- (ii) as to HK\$178 million in cash upon Completion;
- (iii) as to HK\$100 million by the Purchaser procuring the Company to issue to the Vendor or his nominee(s) of the Promissory Note upon Completion; and
- (iv) as to HK\$100 million by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor or his nominee(s), credit as fully paid, at the Issue Price of HK\$2.00 per Consideration Share upon Completion.

The Consideration was arrived between the Purchaser and the Vendor at arm's length negotiations after taking into account the preliminary estimation of the value of 100% interest in the Mine of approximately HK\$1,021 million as at 30 September 2010 prepared by the Valuer and the possible contribution to the Group from the proceeds generated from exploitation of the vanadium and silica resources at the Mine.

Having considered that (i) the Acquisition represents an opportunity for the Group to further expand its mining business which is in line with the business strategy of the Group; (ii) the Consideration represents a discount of approximately 21.65% to the preliminary estimation value of 51% of the Mine of approximately HK\$521 million as at 30 September 2010, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The 50,000,000 Consideration Shares represent approximately 5.39% of the existing issued share capital of the Company of 927,600,000 Shares and approximately 5.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The allotment and issue of the Consideration Shares is subject to the approval by the Shareholders at the EGM.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares, which, when issued, will rank *pari passu* in all material respects with the then existing issued Shares.

The Issue Price

The issue price of the Consideration Shares of HK\$2.00 was determined with reference to the prevailing market price of the Shares immediately prior to the date of the Sale and Purchase Agreement. The Issue Price represents:

- a premium of approximately 4.71% over the closing price of HK\$1.91 per Share as quoted on the Stock Exchange on 10 December 2010, being the last trading day immediately prior to the date of the Sale and Purchase Agreement; and
- a premium of approximately 14.16% over the average of the closing prices of HK\$1.752 per Share for the 5 consecutive trading days immediately prior to 10 December 2010.

The Board is of view that the Issue Price, which is determined based on the prevailing market value of the Shares and represents a premium to the recent closing prices of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Promissory Note

The principal terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK\$100 million

Maturity date	:	The date falling the first anniversary from the date of issue of the Promissory Note
Redemption	:	The Company has the rights to redeem the whole or any part of the outstanding principal amount of the Promissory Note at any time prior to the maturity date of the Promissory Note The holder(s) of the Promissory Note have no right to request for early redemption of the whole or any part of the outstanding principal amount of the Promissory Note at any time prior to the maturity date
Interest	:	The Promissory Note carries no interest
Assignment	:	The Promissory Note may, subject to the five Business Days' prior written notice to the Company, be transferred or assigned by noteholder(s) to any person who is an a third party independent of the Company and its connected persons. The Promissory Note shall not be transferred or assigned to the connected person(s) of the Company unless the prior consent of the Stock Exchange has been obtained

The issue of the Promissory Note is subject to the approval by the Shareholders at the EGM.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional upon the following conditions being fulfilled or waived in writing:

- (1) the Purchaser being satisfied with the results of the due diligence review on the Target Group and the Mine;
- (2) the Shareholders passing at the EGM an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Note and the allotment and issue of the Consideration Shares);
- (3) if required, all permits, licenses and approvals required having been obtained in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to all relevant permits on the implementation of the Sale and Purchase Agreement from authorities or departments of the PRC;
- (4) all the warranties given by the Vendor in the Sale and Purchase Agreement remaining true and accurate;
- (5) the obtaining of a legal opinion (in form and substance satisfactory to the Purchaser) issued by a firm of PRC lawyers appointed by the Purchaser in relation to the transactions contemplated under the Sale and Purchase Agreement, as well as the legality, validity and binding effect of the mining and exploitation licence(s) held by the Target Group;

- (6) without prejudice to condition (2) and (3) above, all necessary approvals, consents, licenses and authorization required to be obtained on the part of the Target Group, the Vendor and the Purchaser in relation to the Sale and Purchase Agreement and the transaction contemplated hereunder having been obtained;
- (7) the Purchaser obtaining a technical report (in form and substance satisfactory to the Purchaser) from a firm of independent technical adviser appointed by the Purchaser opining on the quality, resources, reserves of the Mineral Resources at the Mine;
- (8) the Purchaser obtaining a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent valuer appointed by the Purchaser opining on the value of 100% interest of the Mine (as the case may be) being not less than HK\$800,000,000; and
- (9) the relevant PRC authorities having approved the amendment of the current mining and exploitation licence held by the PRC Subsidiary or the issue of a new mining and exploitation licence(s) to the PRC Subsidiary, so that the PRC Subsidiary can legally exploit the vanadium and silica resources at the Mine.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions precedent referred to in sub-clauses (1), (4) and (5) above (to the extent it is capable of waiving) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. If the conditions precedent are not fulfilled (or, as the case maybe, waived (if waivable)) on or before 12:00 noon on the Long Stop Date or such later date as the Vendor and the Purchaser may agree, the Vendor shall return HK\$30 million to the Purchaser, without interest, and the Sale and Purchase Agreement shall lapse and be of no further effect except certain clauses as explicitly set out in the Sale and Purchase Agreement, and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Sale and Purchase Agreement, including any breaches of any the conditions precedent.

Completion

Completion shall take place on a Business Day falling on or before the fifth Business Day after the conditions precedent stated above have been fulfilled, or waived by the Purchaser (as the case may be).

PROFIT GUARANTEE

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally warrants, guarantees and undertakes to and with the Purchaser that the audited consolidated net profit after tax and extraordinary or exceptional items for the year ended 31 December 2012 as to be shown in the audited consolidated accounts of the Target Group for such period to be prepared by a certified public accountants acceptable to the Company shall not be less than HK\$400 million (the “**Guaranteed Profit**”).

In the event that the actual consolidated net profit after tax and extraordinary or exceptional items of the Target Group for the year ended 31 December 2012 (the “**Actual Profit**”) is less than the Guaranteed Profit, the shortfall shall be settled by the Vendor to the Company (the “**Shortfall Payment**”) as follows:

Shortfall Payment = (Guaranteed Profit – Actual Profit) x 51%

The Shortfall Payment shall be settled in cash, and is subject to a maximum sum of HK\$102 million (as agreed between the parties).

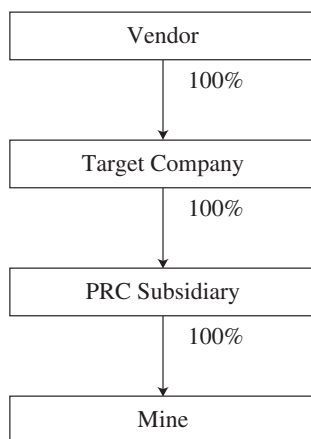
To protect the interest of the Group, the Vendor has undertaken to and covenanted with the Purchaser that forthwith upon Completion, it shall deposit with an escrow agent as may be agreed between the parties the share certificate(s) representing the Consideration Shares subject to such terms and conditions of an escrow letter as may be agreed between the parties and such escrow agent, and in particular including a term to the effect that if the Purchaser acknowledges that the Guaranteed Profit has not been achieved, the share certificate(s) in respect of the Consideration Shares, will be released by the escrow agent to a licensed securities firm in Hong Kong, who will then sell in the open market such number of Consideration Shares and to give such proceeds of sale to the Purchaser as settlement of the Shortfall Payment. Should the sale proceeds cannot satisfy the Shortfall Payment in full, the Vendor shall pay cash to the Purchaser on the shortfall.

In the event that the Target Group does not have any Actual Profit or incurs net loss for the year ended 31 December 2012 as to be shown in the audited consolidated accounts of the Target Group, the Actual Profit shall be equivalent to zero for the purpose of the above formula.

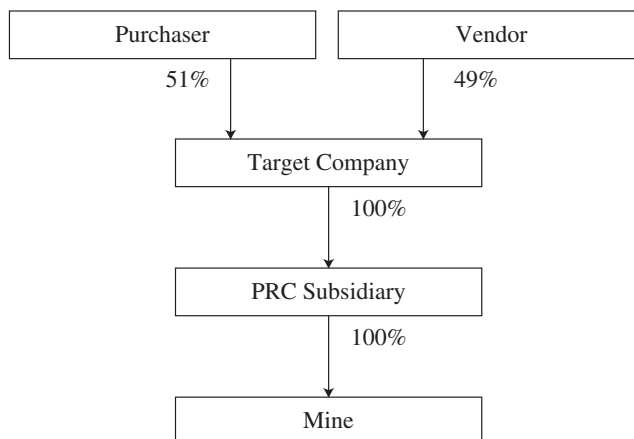
As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent which are detailed above, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

GROUP CHARTS

The following chart sets out the shareholding structure of the Target Group before the Completion:



The following chart sets out the shareholding structure of the Target Group after the Completion:



INFORMATION OF THE TARGET COMPANY

The Target Company is incorporated in British Virgin Island on 3 September 2010 with limited liability and is wholly owned by the Vendor as at the date hereof. As the Target Company is principally engaged in investment holding since its incorporation, it has no substantial operations and therefore has not recorded any turnover since incorporation and recorded a net loss of HK\$10,800 for the period from 3 September 2010 (date of incorporation) to 30 September 2010.

The unaudited unconsolidated total assets value of the Target Company as at 30 September 2010 was approximately HK\$379,200.

INFORMATION OF THE PRC SUBSIDIARY

The PRC Subsidiary is a wholly owned foreign enterprise established in the PRC on 9 November 2007. The PRC Subsidiary is the holder of a mining and exploitation licence in respect of the iron resources at the Mine. The PRC Subsidiary will apply to the relevant PRC authorities to obtain amended mining and exploitation licence so that the PRC Subsidiary will be able to exploit the vanadium and silica resources at the Mine. This amendment of the current mining and exploitation licence is a condition precedent to Completion. According to the preliminary opinion of the PRC legal advisors to the Company, subject to payment of resources tax and submission of relevant exploration reports, there shall not be any legal obstacles to the application of the amendment of the current mining and exploitation licence.

To the best knowledge of Directors, information and belief having made all reasonable enquiries, the PRC Subsidiary has no operation and therefore has not recorded any turnover and expenses for the past two years.

The audited unconsolidated total assets value of the PRC Subsidiary, prepared in accordance with PRC auditing standards, as at 30 September 2010 was approximately RMB5,001,926.

After Completion, the Company will be beneficially interested in 51% of the equity interest of Target Company. Each member of the Target Group will become an subsidiary of the Company and the financial results will be consolidated into the financial statements of the Company after Completion.

INFORMATION ON THE MINE

The Mine is located at Jingyang town, Jianshi county, Hubei province, PRC with an aggregate mining area of approximately 3.8973 km². It is located at east 75 km from Jianshi city and 150 km away from Yichang city. According to the preliminary legal opinion of PRC lawyers appointed by the Company, the exploitation licence at the Mine will expire on 15 November 2012 and such exploitation licence is renewable.

According to the preliminary technical report prepared by the Technical Adviser in accordance with the JORC code, the Mine is estimated to have approximately 1.008 million tonnes of Vanadium Pentoxide (V₂O₅) and 58.460 million tonnes of silica ore. However, the total reserves of material resources is still subject to further investigation by the Technical Adviser. A Technical Report which includes the total reserves amount of the vanadium and silica resources at the Mine in accordance with JORC code prepared by the Technical Adviser will be included in the Circular.

The Company confirmed that the amount of iron resources at the Mine is not sufficient to justify commercial exploitation, and so no iron exploitation will be carried out by the Target Group.

Details of the current exploitation licence in respect of the iron resources of the Mine is as follows:

Licence number	Holders of exploitation licence	Mining area (hectares)	Expiry date
4200000711735	建始縣峰源礦業有限責任公司 (Jianshi Mining Company Limited [#]) ^Δ	3.8973 km ²	15 November 2012 and is renewable

^Δ 建始縣峰源礦業有限責任公司 (Jianshi Mining Company Limited[#]) has been renamed to 日盛世紀(湖北)礦業有限公司 (Risheng Century (Hubei) Mining Company Limited[#]), the PRC Subsidiary. However, according to the preliminary opinion of the PRC legal advisers to the Company, the amended mining and exploitation licence showing the amended name will be issued by the relevant PRC authorities on or before 31 January 2011.

The PRC legal advisers to the Company is carrying out legal due diligence on, among other things, the PRC Subsidiary's legal title and interest to the Mine, whether there will be any legal impediments for the PRC Subsidiary to extend all the relevant mining rights certificates for the future operation and production of the Mine.

According to the draft Valuation Report provided by the Valuer, the preliminary estimation value of the Mine is approximately HK\$1,021 million. The Valuer has applied the discounted cash flow method under income approach for the purpose of valuation. However, the preliminary estimation value of the Mine is based on the use of numerous assumptions and the consideration of uncertainties, which cannot be quantified or ascertained at the date of this announcement and therefore the preliminary valuation may or may not be equivalent to the final amount of the valuation. The Valuation Report, including details of the assumptions, basis and methodology of the valuation, shall be included in the Circular.

REASON FOR THE ACQUISITION

The Company is principally engaged in provision of computer hardware and software services, hotel operation and management services, mining iron ores and minerals.

The Group has completed two acquisitions of mining businesses in Indonesia in mid 2009 and early 2011. It is always the Group's objective to seek new business projects to enhance the financial performance of the Group. The Acquisition will provide a great potential for the Group's business growth if the Group is able to explore its mining business in the PRC. According to the China Statistical yearbook 2009 compiled by National Bureau of Statistics of China, the total expenditure in fixed assets in the whole county of China recorded RMB172,828.4 million for the year of 2008. As the Board considers that the demand for natural resources in the PRC is high in the foreseeable future with regard to enormous government spending in infrastructure of the PRC, it is expected that the price of nature resources will rise gradually. Therefore, the Acquisition will enable the Company to further participate in a potentially profitable business.

Taking into account of the market potentials of nature resource and the possible earnings contribution of the Target Group to the Group in the future, the Directors consider that the Acquisition can broaden the Group's income base and improve its financial performance and to further expand its mining business in Asia is in the interests of the Company and the Shareholders as a whole.

Vanadium is the substance that is mainly used for steel production process as an additive in alloy steels where it imparts strength and corrosion resistance. Substantial portion of the world's vanadium comes from the China, South Africa and Russia. In addition to usage for the steel industry and aerospace aviation industry, it can be widely used in the chemical, petroleum, textile, paint, glass, ceramics, pharmaceuticals, batteries and other industrial uses.

According to the feasibility study report provided by the Vendor, as the technology and industrial development of vanadium has been improved, the consumption of vanadium steel in China has been increased on an average annual growth rate of 10% since the year of 1990. Annual domestic consumption of various vanadium reaches about 2860 tonnes, in which 90% has been used for iron and steel industry, and the remaining 10% has been used for the catalyst, titanium vanadium metal, paint and other fields.

Silica is a raw material which can be used for wide range of products. It applies in glass, plastic and optical fibers etc. According to the feasibility study report provided by the Vendor, that the net exports of silica from the PRC has been increased in the past five years.

Having considered the Consideration represents a discount of approximately 21.65% to the preliminary estimation value of 51% of the Mine of approximately HK\$521 million as at 30 September 2010, the Board considers that the terms of the Sale and Purchase Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Proposed management team of the Target Group after the Completion

Most of the proposed management staff of the PRC Subsidiary has extensive mining industry experience and relevant professional experience in the field. With their professionals and experiences, the PRC Subsidiary has a sophisticated management team in mining industry. In addition, the Target Group has planned to establish sales team for domestic market and overseas market.

Proposed management personnel are as follows:

Chairman	:	徐建設 (Xu Jian She#)
General Manager	:	崔明太 (Cui Ming Tai#)
Chief Engineer	:	楊暖 (Yang Nuan#)

Proposed project technical team comprises the following persons:

崔明太 (Cui Ming Tai#)*	:	Project designer and team supervisor (formerly a Secretary of Mining Department in the PRC, a chairman of a large state-owned company, a Communist Party Committee Secretary and General Manager and Senior Economist)
楊暖 (Yang Nuan#)*	:	Chief expert, Head of Process Technology (formerly a professor of state-owned Rare Earth Research Institute and a Senior Engineer)

- 胡月來 (Hu Yue Lai[#]) : Specialized in electromagnetic field technology (currently a professor of University of Wuhan)
- 王根深 (Wang Gen Shen[#]) : Specialized in vanadium field responsible for extraction processing (formerly an engineer of vanadium enterprises directly under the National Nuclear Department of China)
- 徐光雲 (Xu Guang Yun[#])* : Specialized of Resin alternate and testing processing
- 李光強 (Li Guang Qiang[#]) : Specialized in the field of silica processing (currently a professor at the University of Wuhan, Ph.D.)
- 羅學濤 (Luo Xue Tao[#]) : Specialized in testing of polycrystalline silicon processing (currently a professor at the Xiamen University, Ph.D.)
- 游家忠 (You Jia Zhong[#])* : A former engineer in military enterprises
- 張道斌 (Zhang Dao Bin[#])* : An engineer
- 張天昌 (Zhang Tian Chang[#])* : Engineers assistant

* represents full-time engineers of the Target Group.

Chief Executive appointed by the Target Company

After signing the Sale and Purchase Agreement, the Target Company has recruited 馬泰儒(Ma Tai Ru[#]) (Mr. Ma), as an independent consultant to the Target Company, to be responsible for the overall exploitation project of the Mine. Further details of Mr. Ma and the above personnel will be disclosed in the circular of the Company relating to the Acquisition.

RISKS FACTORS

Set out below are the risk factors which may be associated with the Acquisition:

The PRC government regulations on the mining industry

The mining industry is subject to various government policies and regulations, including but not limited to, exploitation, development, production, taxation, labour standards, vocational health and safety, waste treatment, environment protection and control, operation management and other problems. Any changes to those policies may increase the operating costs of the Target Group and hence, adversely affect the operating results of the Target Group.

Significant production shortfalls

The resources and reserves estimates are based on a number of assumptions conforming to the JORC code. However, there is no assurance that the resources and reserves will be recovered in the quantities, quality or yields presented in the Technical Report to be included in the Circular. The underground mining operations of the Target Group face uncertainties in reserve estimates and production volume. The inclusion of resources estimates should not be regarded as a representation that these amounts can be exploited economically. The actual production volume may be significantly less than the estimation of the Target Group.

The valuation on the Mine

The valuation of the 100% equity interest in the Mine is based on the use of assumptions and therefore such valuation may or may not effectively reflect the true value of the Mine.

Significant and continuous capital investment

Significant and continuous capital investment is required for mining business. Natural resources production projects may exceed the original budgets and may not achieve the intended economic results or commercial viability. Thus, the actual capital investment for operation and development of the Target Company may significantly exceed the Group's expectation which may adversely affect the financial performance of the Group.

Operation risks

The mining business is subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, and compensatory claims, disputes or strikes, changes in the regulatory environment and natural phenomena, such as unexpected climatic conditions or unexpected geological conditions.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares:

	As at the date of this announcement		Immediately after the allotment and issue of Consideration Share	
	<i>(Number of Shares)</i>	<i>%</i>	<i>(Number of Shares)</i>	<i>%</i>
First Cheer Holdings Limited (<i>Note 1</i>)	165,775,000	17.87	165,775,000	16.96
Yeung Hak Kan	118,298,500	12.75	118,298,500	12.10
Premier United Limited (<i>Note 2</i>)	95,000,000	10.24	95,000,000	9.72
Public Shareholders				
The existing Shareholders	548,526,500	59.14	548,526,500	56.11
The Vendor	—	—	50,000,000	5.11
Total	<u>927,600,000</u>	<u>100.00</u>	<u>977,600,000</u>	<u>100.00</u>

Notes:

- (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.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are less than 100% but exceed 25%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Circular containing, among other things, (i) further details of the Acquisition, (ii) the Technical Report, (iii) the Valuation Report; and (iv) a notice of EGM, will be despatched to the Shareholders. Since additional time is required for the Company to prepare information to be inserted into the Circular including the Valuation Report and the Technical Report, the Company expects that the circular will be despatched on or before 31 March 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 December 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the issued Shares on the Stock Exchange with effect from 9:30 a.m. on 7 January 2011.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Capital and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions set out in the Sale and Purchase Agreement
“associate(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong for general banking business
“Circular”	the circular regarding the Acquisition to be despatched to the Shareholders

“Company”	Sun International Group Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“connected person(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$408 million payable by the Purchaser to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration Share(s)”	an aggregate of 50,000,000 new Shares to be allotted and issued to the Vendor or his nominee(s), credited as fully paid at the Issue Price in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company from time to time
“Deposit”	HK\$30,000,000 already paid to the Vendor, through the escrow agent, by the Purchaser within three (3) Business Days from the date of the Sale and Purchase Agreement
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve by the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Note and the allotment and issue of the Consideration Shares)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of HK\$2.00 per Consideration Share
“JORC code”	the Australasian Code for Reporting of Exploration Results, mineral Resources and Ore reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time
“km ² ”	square kilometer(s)
“Long Stop Date”	30 September 2011 or such later date as the Vendor and the Purchaser may agree in writing

“Mine”	the vanadium and silica mine located at Jingyang town, Jianshi county, Hubei province, PRC with an aggregate mining area of approximately 3.8973 km ²
“Mineral Resources”	vanadium and silica ore resources
“MOU	the non-legally binding memorandum of understanding dated 23 November 2010 entered into between the Purchaser and the Target Company setting out the preliminary understanding in relation to the acquisition of the registered and paid-up capital of the PRC Subsidiary
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Subsidiary”	日盛世紀(湖北)礦業有限公司 (Risheng Century (Hubei) Mining Company Limited [#]), a wholly owned foreign enterprise established in the PRC
“Promissory Note”	the promissory note in the principal amount of HK\$100 million, which will be issued by the Company (as procured by the Purchaser) to the Vendor or his nominee(s) upon Completion for partial settlement of the Consideration
“Purchaser”	Fuxi Holdings Limited, a wholly-owned subsidiary of the Company which is principally engaged in investment holdings
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into between the Purchaser and the Vendor on 12 December 2010
“Sale Capital”	51% of the issued share capital of the Target Company
“Sale Loan”	51% of the entire outstanding shareholder’s loan owed by the Target Company to the Vendor as at Completion
“Shareholders”	holders of the Shares of the Company from time to time
“Shares”	ordinary shares of HK\$0.04 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yuet Sing Group Limited, a company incorporated in British Virgin Island with limited liability
“Target Group”	the Target Company and the PRC Subsidiary
“Technical Adviser”	SRK Consulting (China) Limited, an independent technical adviser

“Technical Report”	a technical report on the Mine to be prepared by the Technical adviser appointed by the Company
“Valuation Report”	the valuation report to be prepared by the Valuer appointed by the Company regarding the valuation of 100% interest of the Mine
“Valuer”	Grant Sherman Appraisal Limited, an independent valuer
“Vendor”	徐建設 (Xu Jian She [#]), a third party independent of the Company and its connected persons
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

[#] *the English translation of Chinese name, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese name.*

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

Hong Kong, 6 January 2011

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 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.

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>.