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 to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in The Sun's Group Limited (the "**Company**"), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

SUN'S 新銀集團有限公司*

THE SUN'S GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 988)

(1) MAJOR AND CONNECTED TRANSACTION FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF SUBSIDIARIES; (2) DISCLOSEABLE AND CONNECTED TRANSACTION FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY; AND (3) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Independent Financial Adviser
to the Independent Board Committee
and the Independent Shareholders

INCU

INCU Corporate Finance Limited

A letter from the independent committee (the "**Independent Board Committee**") of the board of directors of the Company is set out on page 18 and 19 of this circular. A letter from INCU Corporate Finance Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders for Disposals and Independent Shareholders for New General Mandate is set out on pages 20 to 27 of this circular.

A notice convening a special general meeting (the "**SGM**") of the Company to be held on Friday, 5 December 2008 at 10:00 a.m. at Lingnan Club, 13/F., On Lok Yuen Building, 25 Des Voeux Road Central, Hong Kong is set out on pages 47 to 49 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

* *for identification purpose only*

19 November 2008

CONTENTS

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

"AGM"	the annual general meeting of the Company held on 24 June 2008 for the Shareholders to approve the Current General Mandate
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or black rainstorm warning is hosted in Hong Kong at 10:00 a.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Bye-Laws"	the bye-laws of the Company
"BVI"	the British Virgin Islands
"City Joint"	City Joint Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Company"	The Sun's Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of (i) the sale and purchase of the RDL Sale Shares and the NPML Sale Shares in accordance with the terms and conditions of the Hotel Disposal Agreement, or (ii) the sale and purchase of the NF Sale Shares in accordance with the terms and conditions of the Land Disposal Agreement, as the case may be
"connected persons"	has the meaning ascribed to it in the Listing Rules
"Current General Mandate"	the general mandate approved at the AGM authorising the Directors to allot and issue Shares of up to 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution
"DTZ"	DTZ Debenham Tie Leung Limited
"Director(s)"	the director(s) of the Company

"Disposals"	the disposal of (i) the RDL Sale Shares and the NPML Sale Shares as contemplated under the Hotel Disposal Agreement, and (ii) the NF Sale Shares as contemplated under the Land Disposal Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hotel Disposal"	the disposal by City Joint of the entire equity interest in RDL and NPML to the Purchaser subject to and upon the terms and conditions of the Hotel Disposal Agreement
"Hotel Disposal Agreement"	a conditional agreement dated 29 October 2008 and entered into between City Joint as vendor and the Purchaser as purchaser in relation to the Hotel Disposal
"Hotel Property"	the hotel property situated at Nos. 92 to 94 Woosung Street, Jordon, Kowloon, Hong Kong
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate in relation to the Disposals and as to the fairness and reasonableness of the New General Mandate respectively, the voting at the SGM and whether the New General Mandate are in the interests of the Company and the Shareholders as a whole
"Independent Financial Adviser	INCU Corporate Finance Limited, a licensed corporation under the SFO to conduct type 6 regulated activity appointed to advise the Independent Board Committee and the Independent Shareholders for Disposals in relation to the Disposals and the Independent Shareholders for New General Mandate in relation to the New General Mandate
"Independent Shareholders for Disposals"	Shareholders other than Mastermind Assets Management Limited and its associates
"Independent Shareholders for New General Mandate"	Shareholders other than Mr. Lee Sammy Sean and Mastermind Assets Management Limited, Mr. Cai Sui Xin and General Nice Resources (Hong Kong) Limited and Mr. Lau Yu and their respective associates

"Independent Third Parties"	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
"Latest Practicable Date"	14 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Land Disposal"	the disposal by the Company of the entire equity interest in NF to the Purchaser subject to and upon the terms and conditions of the Land Disposal Agreement
"Land Disposal Agreement"	a conditional agreement dated 29 October 2008 and entered into between the Company and the Purchaser in respect of the Land Disposal
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Lee"	Mr. Lee Sammy Sean, an executive Director of the Company
"New General Mandate"	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM and any additional Shares repurchased by the Company pursuant to the general repurchase mandate granted to the Directors at the AGM
"NF"	New Fortune Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"NF Sale Shares"	1 ordinary share of HK$1.00 each in the issued share capital of the NF, representing the entire issued share capital of the NF
"NPML"	New Point Management Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"NPML Sale Shares"	1 ordinary share of HK$1.00 each in the issued share capital of the NPML, representing the entire issued share capital of the NPML

"PRC"	the People's Republic of China
"Properties"	collectively, Property No. 423 and Property No. 425
"Property No. 423"	being the land known as No. 423 Reclamation Street, Mongkok, Kowloon, Hong Kong
"Property No. 425"	being the land known as No. 425 Reclamation Street, Mongkok, Kowloon, Hong Kong
"Purchaser"	Everbig Investments Limited, the purchaser to the Hotel Disposal Agreement and the Land Disposal Agreement
"RDL"	Rolling Development Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
"RDL Sale Shares"	10,000 ordinary share of HK$1.00 each in the issued share capital of the RDL, representing the entire issued share capital of the RDL
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held on Friday, 5 December 2008 at 10:00 a.m. to consider and, if thought fit, approve the Hotel Disposal Agreement, the Land Disposal Agreement and the transactions contemplated thereunder and the New General Mandate
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

新銀集團有限公司*
THE SUN'S GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 988)

Executive Directors:
Mr. Cai Sui Xin
Mr. Lee Sammy Sean
Mr. Lau Yu
Mr. Lui Ngok Che
Mr. Ng Tze For

Independent non-executive Directors:
Mr. Kwee Chong Kok, Michael
Mr. Leung Chung Sing
Mr. Lo Tung Sing, Tony

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong
19/F., Tern Centre Tower 1
237 Queen's Road Central
Hong Kong

19 November 2008

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF SUBSIDIARIES (2) DISCLOSEABLE AND CONNECTED TRANSACTION FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY; AND (3) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

Reference is made to the announcement of the Company dated 29 October 2008 in which the Board announced that (i) on 29 October 2008, City Joint, a wholly owned subsidiary of the Company, entered into the Hotel Disposal Agreement with the Purchaser pursuant to which the Purchaser has agreed to acquire and City Joint has agreed to sell the RDL Sale Shares and the NPML Sale Shares for a total consideration of HK$80,000,000; and (ii) on 29 October 2008, the Company entered into the Land Disposal Agreement with the Purchaser pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the NF Sale Shares for a consideration of HK$63,000,000.

The entering into of the Hotel Disposal Agreement and the Land Disposal Agreement constitute a major and connected transaction and a discloseable and connected transaction respectively on the part of the Company under Chapters 14 and 14A of the Listing Rules.

* *for identification purpose only*

The purpose of this circular is to provide you with further details regarding the Disposals and the proposed granting and extension of the New General Mandate.

THE HOTEL DISPOSAL

The Hotel Disposal Agreement

Date:	29 October 2008
Parties:	
Vendor:	City Joint, a wholly owned subsidiary of the Company
Purchaser:	Everbig Investments Limited
	The entire issued share capital of the Purchaser is legally and beneficially owned by Mr. Lee. As Mr. Lee is an executive Director and is interested in the entire issued share capital of Mastermind Assets Management Limited, which is interested in approximately 25.14% of the entire issued share capital of the Company as at the date of this announcement, Mr. Lee is a connected person of the Company. The Purchaser being an associate of Mr. Lee is also a connected person of the Company. The Purchaser is principally engaged in investment holding.

Assets to be disposed

Pursuant to the Hotel Disposal Agreement, the Purchaser has agreed to acquire and City Joint has agreed to sell: (i) the RDL Sale Shares, representing the entire issued share capital of RDL; and (ii) the NPML Sale Shares, representing the entire issued share capital of NPML respectively.

Consideration

The aggregate consideration for the sale and purchase of the RDL Sale Shares and the NPML Sale Shares shall be HK$80,000,000 and shall be payable in cash by the Purchaser to City Joint on Completion of the Hotel Disposal Agreement.

The consideration for the RDL Sale Shares and NPML Sale Shares was determined with reference to the preliminary valuation of the Hotel Property, being the principal asset of RDL, by DTZ, an independent valuer, at HK$78,000,000 as at 29 October 2008. The Hotel Property was valued as a fully operational hotel by making reference to comparable market transactions. The market value of the Hotel Property was HK$77,000,000 as at 30 April 2006 based on the property valuation as set out in the circular of the Company dated 8 July 2006.

The consideration for the RDL Sale Shares and the NPML Sale Shares were agreed between the parties to the Hotel Disposal Agreement after arm's length negotiations after considering the valuation of the Hotel Property. As such, the Directors consider that the terms and conditions of the Hotel Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As disclosed in the circular of the Company dated 8 July 2006, the original purchase price of the Hotel Property by City Joint from RDL was approximately HK$77,010,000.

Conditions precedent

Completion of the Hotel Disposal Agreement shall be conditional upon and subject to:

(a) the passing by the Independent Shareholders for Disposals as a special general meeting of the Company to be convened and held of the necessary resolutions to approve the Hotel Disposal Agreement and the transactions contemplated hereunder; and

(b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Hotel Disposal Agreement and the transactions contemplated hereby having been obtained.

Conditions (a) and (b) are incapable of being waived by the parties to the Hotel Disposal Agreement. In the event that the conditions have not been satisfied on or before 4:00 p.m. on 31 January 2009, or such other date as the Purchaser and City Joint may agree, the Hotel Disposal Agreement shall cease and determine and no party shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms hereof.

Completion

Completion of the Hotel Disposal Agreement shall take place on the seventh Business Day after the fulfilment (or waiver) of the conditions or such other date as may be agreed between the parties to the Hotel Disposal Agreement.

Upon Completion, RDL and NPML will cease to be a subsidiary of the Company and the Company will cease to hold any equity interest in RDL and NPML.

Information on RDL and NPML

Reference is made to the circular of the Company dated 8 July 2006 in relation to the acquisition of RDL by City Joint.

RDL was incorporated with limited liability in Hong Kong on 5 August 1993 and has a paid up capital of HK$10,000. RDL is principally engaged in property investment and the provision of consulting services in Hong Kong. The principal asset of RDL is the Hotel Property.

NPML was incorporated with limited liability in Hong Kong on 8 September 2006 and has a paid up capital of HK$1.00. NPML is principally engaged in hotel operation. NPML holds the license granted under The Hotel and Guesthouse Accommodation Ordinance Cap.349 to operate Goodrich Hotel which is situated at the Hotel Property.

The Hotel Property comprises a 13-storey hotel known as Goodrich Hotel, which has been in operation since 1997, and is located at Nos. 92-94 Woosung Street, Jordan, Kowloon, Hong Kong. The Hotel Property has a gross floor area of approximately 14,525 square feet and 55 guest rooms. The Directors intend to terminate the hotel operation segment after the Hotel Disposal. The Directors consider that there is no change in control (as defined under the Hong Kong Code on Takeovers and Mergers) within the immediately preceding 24 months period, and the Hotel Disposal is in compliance with Rule 14.92 of the Listing Rules.

According to the audited consolidated accounts of the Group, for the year ended 31 December 2006, the turnover, the net profit before and after taxation of RDL and NPML as a whole were approximately HK$1,897,000, HK$2,512,000 and HK$2,512,000 respectively. The net asset value of RDL and NPML as a whole was approximately HK$78,996,000 as at 31 December 2006.

According to the audited consolidated accounts of the Group, for the year ended 31 December 2007, the turnover, the net loss before and after taxation of RDL and NPML as a whole were approximately HK$6,045,000, HK$1,050,000 and HK$1,050,000 respectively. The net asset value of RDL and NPML as a whole was approximately HK$78,299,000 as at 31 December 2007.

According to the unaudited consolidated management accounts of the Group, for the period commencing from 1 January 2008 to 30 September 2008, the turnover, the net profit before and after taxation of RDL and NPML as a whole were approximately HK$5,525,000, HK$1,109,000 and HK$1,109,000 respectively. The net asset value of RDL and NPML as a whole was approximately HK$75,754,000 as at 30 September 2008.

Financial effect of the Hotel Disposal

It is estimated that the aggregate gain on disposal of RDL and NPML is approximately HK$4,246,000 with reference to the net asset value of RDL and NPML as a whole as at 30 September 2008 and the consideration for the RDL Sale Shares and NPML Sale Shares.

THE LAND DISPOSAL

The Land Disposal Agreement

Date:	29 October 2008
Parties:	
Vendor:	the Company
Purchaser:	Everbig Investments Limited
	The entire issued share capital of the Purchaser is legally and beneficially owned by Mr. Lee. As Mr. Lee is an executive Director and is interested in the entire issued share capital of Mastermind Assets Management Limited, which is interested in approximately 25.14% of the entire issued share capital of the Company as at the date of this announcement, Mr. Lee is a connected person of the Company. The Purchaser being an associate of Mr. Lee is also a connected person of the Company. The Purchaser is principally engaged in investment holding.

Assets to be disposed

Pursuant to the Land Disposal Agreement, the Purchaser has agreed to acquire and the Company has agreed to sell the NF Sale Shares, representing the entire issued share capital of NF.

Consideration

The consideration for the sale and purchase of the NF Sale Shares shall be HK$63,000,000 and shall be payable in cash by the Purchaser to the Company on Completion of the Land Disposal Agreement.

The consideration was determined with reference to the preliminary valuation of the Properties, being the principal assets of NF, by DTZ, an independent valuer, at HK$51,000,000 as at 29 October 2008 by making reference to comparable market transactions as available in the market.

The consideration for the Properties was agreed between the parties to the Land Disposal Agreement after arm's length negotiations after considering the valuation of the Properties. As such, the Directors consider that the terms and conditions of the Land Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As disclosed in the circular of the Company dated 8 August 2007, the original purchase price of the Properties by the Group was HK$58,000,000.

Conditions precedent

Completion of the Land Disposal Agreement shall be conditional upon and subject to:

(a) the passing by the Independent Shareholders for Disposals as a special general meeting of the Company to be convened and held of the necessary resolutions to approve the Land Disposal Agreement and the transactions contemplated hereunder; and

(b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Land Disposal Agreement and the transactions contemplated hereby having been obtained.

Conditions (a) and (b) are incapable of being waived by the parties to the Land Disposal Agreement. In the event that the conditions have not been satisfied on or before 4:00 p.m. on 31 January 2009, or such other date as the Purchaser and the Company may agree, the Land Disposal Agreement shall cease and determine and no party shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms hereof.

Completion

Completion of the Land Disposal Agreement shall take place on the seventh Business Days after the fulfilment (or waiver) of the conditions or such other date as may be agreed between the parties to the Land Disposal Agreement.

Upon Completion, NF will cease to be a subsidiary of the Company and the Company will cease to hold any equity interest in NF.

Completion of Land Disposal Agreement is not inter-conditional on the completion of Hotel Disposal Agreement.

Information on NF

NF was incorporated with limited liability in Hong Kong on 26 June 2007 and has a paid up capital of HK$1.00. NF is principally engaged in property investment.

Reference is made to the circular of the Company dated 8 August 2007 in relation to the purchase of the Properties by NF.

As stated in the valuation report, the Properties are currently vacant.

The Properties comprise:

Property No. 423, being the land known as No.423 Reclamation Street, Mongkok, Kowloon, Hong Kong; and

Property No. 425, being the land known as No. 425 Reclamation Street, Mongkok, Kowloon, Hong Kong.

According to the audited consolidated accounts of the Group, for the year ended 31 December 2007, the turnover, the net loss before and after taxation of NF was approximately HK$0, HK$88,000 and HK$88,000 respectively. The net asset value of NF which is same as the total assets of NF was approximately HK$60,941,000 as at 31 December 2007.

According to the unaudited consolidated management accounts of the Group, for the period commencing from 1 January 2008 to 30 September 2008, the turnover, the net profit before and after taxation of NF was approximately HK$0, HK$3,000 and HK$3,000 respectively. The net asset value of NF was approximately HK$62,962,000 as at 30 September 2008.

Financial effect of the Land Disposal

It is estimated that the gain on disposal of NF is approximately HK$38,000 with reference to the net asset value of NF as at 30 September 2008 and the consideration for the NF Sale Shares.

FINANCIAL EFFECT OF THE DISPOSALS ON THE GROUP

Subject to confirmation from the Group's auditors, it is presently estimated that, upon Completion, the Group will record a profit on disposal of approximately HK$3.2 million with reference to the (i) net assets to be disposed of by the Group according to the management accounts of RDL, NPML and NF as at 30 September 2008; (ii) the Consideration; and (iii) transaction expenses of the Group. RDL, NPML and NF will cease to be subsidiaries of the Company and their results will not be consolidated with those of the Group after the Completion. Upon Completion, taken into account the cash consideration of HK$143 million from the Disposals, the Group's total assets will be increased by approximately HK$3.7 million, total liabilities will be decreased by approximately HK$0.5 million and the net asset will be increased by approximately HK$4.2 million.

REASONS FOR THE DISPOSALS

The Group is principally engaged in the production and trading of coke, property investment and development, hotel investment and operations.

The estimated net proceeds receivable by the Group for the Hotel Disposal and the Land Disposal will amount to approximately HK$142,000,000. The Directors intend to utilise the net proceeds from the Disposals as general working capital and as funds for future development of the Group when investment opportunities arise.

The Directors consider that the Disposals represent a good opportunity for the Group to realise the Hotel Property and the Properties and to strengthen the financial position of the Group. Taking into account of the valuation of the Hotel Property and the Properties, the Board is of the view that the terms and conditions of the Disposals are fair and reasonable and the Disposals are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

CURRENT GENERAL MANDATE

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Current General Mandate to allot and issue not more than 72,223,074 Shares, being 20% of the entire issued share capital of the Company of 361,115,372 Shares as at the date of passing of the resolution. During the period from the granting of the Current General Mandate to the Latest Practicable Date, the Current General Mandate had been utilised as to 72,000,000 Shares upon the allotment and issue of 72,000,000 placing shares by the Company, being approximately 99.69% of the aggregate number of Shares which may be allotted and issued under the Current General Mandate. Please refer to the Company's announcement dated 13 August 2008 for further details regarding the above matter.

PROPOSED GRANT OF NEW GENERAL MANDATE

The Company will convene the SGM at which ordinary resolutions will be proposed to the Independent Shareholders for New General Mandate that:

(i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution; and

(ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the general mandate granted to the Directors at the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 533,115,372 Shares in issue. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 106,623,074 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company has no current intention to issue new Shares under the New General Mandate.

REASONS FOR THE NEW GENERAL MANDATE

The Company is an investment holding company. The Group is principally engaged in the production and trading of coke, property investment and development, and hotel investment and operation.

As explained in the paragraph headed “Current General Mandate” above, the Current General Mandate had been utilised as to 72,000,000 Shares, representing approximately 99.69% of the aggregate number of Shares which may be allotted and issued under the Current General Mandate.

The Board believes that the granting of the New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group’s future business development. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While the Board considers that there is no immediate funding need for the Group’s current operations and that there is currently no concrete proposal presented by potential investors for investment in the Shares, the Board is now proposing to seek the approval of Independent Shareholders for New General Mandate at the SGM of the New General Mandate such that should future funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market promptly.

There has not been any refreshment of the Current General Mandate since the AGM. The following table summarises the use of the Current General Mandate since the AGM:

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 August 2008	Placing of 72,000,000 Shares	Approximately HK$150,000,000 which have been fully utilized as at the Latest Practicable Date	to settle the consideration under the sale and purchase agreement dated 8 December 2007 as amended by the supplemental agreement dated 20 March 2008 and supplemental letter dated 30 April 2008	to settle the consideration under the sale and purchase agreement dated 8 December 2007 as amended by the supplemental agreement dated 20 March 2008 and supplemental letter dated 30 April 2008

LISTING RULES IMPLICATION

The Hotel Disposal constitutes a major transaction and the Land Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The entire issued share capital of the Purchaser is legally and beneficially owned by Mr Lee. As Mr Lee is an executive Director and is interested in the entire issued share capital of Mastermind Assets Management Limited, which is interested in approximately 25.14% of the entire issued share capital of the Company as at the date of this circular, Mr Lee is a connected person of the Company. The Purchaser being an associate of Mr Lee is also a connected person of the Company. As the Purchaser is a connected person of the Company, the Disposals also constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Disposals are subject to, among others, the approval by the Independent Shareholders for Disposals at the SGM to be taken by way of a poll. Mastermind Assets Management Limited, which holds approximately 25.14% of the entire issued share capital of the Company, and its associates will abstain from voting for the relevant resolution(s) at the SGM to approve the Disposals and the transactions contemplated thereunder due to their interests in the Disposals.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders for New General Mandate at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, 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 relevant resolution(s) at the SGM to approve proposed granting and extension of the New General Mandate. Since the Company has 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 relevant ordinary resolution(s).

As at the Latest Practicable Date, Mr. Lee, an executive Director, is interested in the entire issued share capital of Mastermind Assets Management Limited ("**Mastermind**"), which is interested in 134,032,000 Shares, representing approximately 25.14% of the entire issued share capital of the Company. Mr. Cai Sui Xin, an executive Director, is interested in 55% of the issued share capital of General Nice Resources (Hong Kong) Limited ("**GNR**"), which in turn owned 100,000,000 Shares, representing approximately 18.75% of the total issued share capital of the Company. Mr. Lau Yu, an executive Director, is interested as to 5,030,000 Shares, representing approximately 0.94% of the total issued share capital of the Company. As a result Mr. Lee and Mastermind Assets Management Limited (being an associate of Mr. Lee), Mr. Cai Sui Xin and General Nice Resourcses (Hong Kong) Limited (being an associate of Mr. Cai) and Mr. Lau Yu and their respective associates will abstain from voting in favour of the relevant ordinary resolutions at the SGM to approve the New General Mandate. In such an event, the Board was advised by Mr. Lee and Mastermind Assets Management Limited, Mr. Cai Sui Xin and General Nice Resourcses (Hong Kong) Limited and Mr. Lau Yu and their respective associates that they have no intention to vote against the relevant ordinary resolution(s). Further, pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders for New General Mandate at the SGM will be taken by poll for resolutions in relation to the New General Mandate.

SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at (i) the Latest Practicable Date and (ii) the date upon the full utilisation of the New General Mandate:

	As at the date of the Latest Practicable Date		**Upon full utilisation of the New General Mandate**	
	(No. of Shares)	*%*	*(No. of Shares)*	*%*
Mastermind	134,032,000	25.14	134,032,000	20.95
GNR	100,000,000	18.75	100,000,000	15.63
Existing Public Shareholders	299,083,372	56.10	299,083,372	46.75
Shares issued under the New General Mandate	–	–	106,623,074	16.67
Total	533,115,372	100.00	639,738,446	100.00

Assuming that (i) the refreshment of the Current General Mandate is approved at the SGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon full utilisation of the New General Mandate, 106,623,074 Shares are to be issued, which represents 20% and approximately 16.67% of the existing issued share capital as at the Latest Practicable Date and the enlarged issued share capital of the Company respectively. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 57.11 % to approximately 46.75% upon full utilisation of the New General Mandate.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to bye-law 66 of the Bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of poll is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll), a poll is demanded:

(i) by the chairman of such meeting; or

(ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

(v) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting.

SGM

A notice convening the SGM to be held at Lingnan Club, 13/F., On Lok Yuen Building, 25 Des Voeux Road Central, Hong Kong on Friday, 5 December 2008 at 10:00 a.m. is set out on pages 47 to 49 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby its has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee which comprises Mr. Kwee Chong Kok, Michael, Mr. Leung Chung Sing and Mr. Lo Tung Sing, Tony, all being the independent non-executive Directors, has been established to advise the Independent Shareholders for Disposals in respect of the Disposals and the Independent Shareholders for New General Mandate in respect of the New General Mandate.

INCU Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders for Disposals in respect of the Disposals and the Independent Shareholders for New General Mandate in respect of the New General Mandate.

The Independent Board Committee and the Directors, having taken into account the advice of the Independent Financial Adviser, consider that (i) the Disposals was entered into on normal commercial terms and that the terms of the Disposals are fair and reasonable and in the interests of the Group so far as the Independent Shareholders for Disposals are concerned; and (ii) the New General Mandate are in the interests of the Company and the Shareholders as a whole and is fair and reasonable and accordingly recommends the Independent Shareholders for Disposals to vote in favour of the ordinary resolutions which will be proposed at the SGM for approving the Disposals and the transactions contemplated thereunder and the Independent Shareholders for New General Mandate to vote in favour of the ordinary resolution which will be proposed at the SGM for approving the New General Mandate.

The text of the letter from the Independent Board Committee is set out on page 18 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 20 to 27 of this circular.

RECOMMENDATION

The Board considers that the terms of the Disposals are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders for Disposals to vote in favour of the ordinary resolution as set out in the notice of the SGM.

Further, the Directors believe that the New General Mandate is in the best interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders for New General Mandate to vote in favour of the relevant resolutions to be proposed at the SGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 18 and 19 of this circular which contains its views in relation to the Disposals and the New General Mandate; and (ii) the letter from the Independent Financial Adviser, which contains its advice to the Independent Board Committee and the Independent Shareholders for Disposals in relation to the Disposals, the Independent Shareholders for the New General Mandate in respect of the New General Mandate and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from the Independent Financial Adviser is set out on pages 20 to 27 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendix to this circular.

Yours faithfully
For and on behalf of the Board
The Sun's Group Limited
Lui Ngok Che
Executive Director

新銀集團有限公司*
THE SUN'S GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 988)

19 November 2008

To the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION FOR DISPO SAL OF THE ENTIRE EQUITY INTERESTS OF SUBSIDIARIES; (2) DISCLOSEABLE AND CONNECTED TRANSACTION FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY; AND (3) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

We refer to the circular of the Company dated 19 November 2008 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you as to whether the terms of the Disposals and the New General Mandate are fair and reasonable so far as the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate are concerned and are in the interests of the Company and the Shareholders as a whole. INCU Corporate Finance Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate in this respect. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 20 to 27 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 17 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Disposals, the principal reasons and factors considered by, and the advice of INCU Corporate Finance Limited, we are of the opinion that the Disposals are on normal commercial terms and the terms of the Disposals and the New General Mandate are fair and reasonable so far as the Company, the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders for Disposals to vote in favour of

* *for identification purpose only*

the resolutions to be proposed at the SGM to approve the Disposals and the Independent Shareholders for New General Mandate to vote in favour of the resolutions to be proposed at the SGM to approve the New General Mandate.

Yours faithfully,
Independent Board Committee of
The Sun's Group Limited

Kwee Chong Kok, Michael	**Leung Chung Sing**	**Lo Tung Sing, Tony**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for Disposals in respect of the Disposals and the Independent Shareholders for New General Mandate in respect of the New General Mandate prepared for incorporation in this circular.

INCU Corporate Finance Limited

Unit 1602, Ruttonjee House
Ruttonjee Centre, 11 Duddell Street
Central, Hong Kong

19 November 2008

To: The Independent Board Committee,
The Independent Shareholders for Disposals and
The Independent Shareholders for New General Mandate
of The Sun's Group Limited

Dear Sirs,

(1) MAJOR AND CONNECTED TRANSACTION
FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF SUBSIDIARIES;
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
FOR DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY; AND
(3) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser in respect of the Hotel Disposal, the Land Disposal and the New General Mandate. Details of the Hotel Disposal, the Land Disposal and the New General Mandate are set out in the Letter from the Board contained in the circular of the Company to the Shareholders dated 19 November 2008 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

The Purchaser under the Hotel Disposal Agreement and the Land Disposal Agreement is legally and beneficially owned by Mr. Lee. Mr. Lee is an executive Director and is interested in the entire issued share capital of Mastermind which in turn is interested in approximately 25.14% of the issued share capital of the Company as at the date of the agreements and the Latest Practicable Date. Mr. Lee is therefore a connected person of the Company and the Purchaser is considered his associate under the Listing Rules. Accordingly, the Hotel Disposal and the Land Disposal both constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the consideration for each of the Hotel Disposal and the Land Disposal is more than HK$10,000,000 and each of the applicable percentage ratios for the Hotel Disposal and the Land Disposal as calculated pursuant to the Listing Rules is more than 2.5%, the Hotel Disposal and the Land Disposal are both subject to the approval of the Independent Shareholders for Disposals. Pursuant to the Listing Rules, Mr. Lee and his associates are required to abstain from voting on the ordinary resolutions to be proposed at the SGM to approve the Hotel Disposal and the Land Disposal, which vote will be taken by poll.

The New General Mandate is also subject to the approval of the Independent Shareholders for New General Mandate. As the Company does not have any controlling Shareholders for the time being, pursuant to the Listing Rules, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the ordinary resolutions to approve the New General Mandate, which vote will also be taken by poll. As at the Latest Practicable Date, Mr. Lee, an executive director, is interested in the entire issued share capital of Mastermind, which is interested in 134,032,000 Shares, representing approximately 25.14% of the entire issued share capital of the Company. Mr. Cai Sui Xin, an executive director, is interested in 55% of the issued share capital of GNR, which in turn owns 100,000,000 Shares, representing approximately 18.75% of the total issued share capital of the Company. Mr. Lau Yu, an executive director, is interested as to 5,030,000 Shares, representing approximately 0.94% of the total issued share capital of the Company. The aforementioned Directors and their respective associates will abstain from voting in favour of the ordinary resolutions to approve the New General Mandate at the SGM.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Kwee Chong Kok, Michael, Mr. Leung Chung Sing and Mr. Lo Tung Sing, Tony has been established to advise the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate respectively on the Disposals and the New General Mandate. We have been appointed to advise the Independent Board Committee and the Independent Shareholders for Disposals on Disposals as well as the Independent Board Committee and the Independent Shareholders for New General Mandate on the New General Mandate.

In formulating our opinion, we have relied on the information and facts supplied, and representations made by the management of the Company and the Directors. We have assumed that all information and facts provided and the representations made by the management of the Company and the Directors, for which they are solely and wholly responsible, are true, accurate and complete in all material aspects at the time they were made and continue to be so up to the date of the SGM.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular and provided to us by the Directors, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that 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 other facts the omission of which would make any statement in the Circular misleading. We have relied on the Company and the Directors to provide us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such information and representations but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Disposals and the New General Mandate, we have taken into consideration the following principal factors and reasons:

THE DISPOSALS

1. Reasons for the Disposals

The Group is principally engaged in the production and trading of coke, property investment and development, hotel investment and operations.

Hotel Disposal Agreement

Pursuant to the Hotel Disposal Agreement, the Group agreed to dispose of its entire interests in RDL and NPML. The principal asset of RDL is the Hotel Property while NPML is principally engaged in managing the Hotel Property. Accordingly, the Group is essentially disposing its entire business in hotel investment and operations. Set out below is the financial performance of the Group's hotel operations for the two years ended 31st December, 2006 and 2007 and for the nine months ended 30th September, 2008 based on the unaudited consolidated management accounts of the Group (of which intra-group transactions have been eliminated):

	Year ended 31st December 2006 (Audited) *HK$'000*	**Year ended 31st December 2007 (Audited)** *HK$'000*	**Nine months ended 30th September, 2008 (Unaudited)** *HK$'000*
Turnover	1,897	6,045	5,525
Net profit/(loss) before taxation	2,512	(1,050)	1,109
Net profit/(loss) after taxation	2,512	(1,050)	1,109
Net asset value	78,996	78,299	75,754

As confirmed with the Directors, the profits after taxation of approximately HK$2.5 million for the year ended 31st December, 2006 was largely due to an increase in the fair value of the Hotel Property by approximately HK$2,244,000. A loss of approximately HK$1.05 million was recorded for the year ended 31st December, 2007 was due to a drop in occupancy rate resulting from renovation work being conducted from March to June 2007. For the nine months ended 30th September, 2008, only a thin profit after taxation of approximately HK$1.1 million was recorded. In view of the lackluster results and low return when compared with the significant investments in the Hotel Property, coupled with the weakening business environment brought about by the recent financial tsunami, we concur with the Directors (including the independent non-executive Directors) that the Hotel Disposal Agreement represents a good opportunity for the Group to realise the Hotel Property.

Land Disposal Agreement

Pursuant to the Land Disposal Agreement, the Group agreed to dispose of its entire interest in NF, which principal assets are the Properties. As referred to the valuation report, the Properties are currently two vacant lots pending development. The uncertain economic outlook and the fear of global recession have created significant pressure on the property market, making property development more risky than ever. In view of such, we agreed with the Directors (including the independent non-executive Directors) that the Land Disposal represents a good opportunity for the Group to realise the Properties.

The estimated net proceeds from the Disposals amount to approximately HK$142,000,000. As advised by the Directors, the Company intends to utilize the proceeds as general working capital and as funds for future development purposes. We consider such intended uses to be reasonable and in the interest of the Company given the recently tightened credit policies adopted by financial institutions and the prevailing volatile stock market condition.

2. Basis of the consideration

Hotel Disposal Agreement

The aggregate consideration for the sale of the RDL Sale Shares and the NPML Sale Shares is HK$80,000,000, payable in cash upon Completion. The consideration was determined after arm's length negotiation and after taking into consideration the preliminary valuation of the Hotel Property of HK$78,000,000 as at 29th October, 2008 prepared by DTZ, an independent professional valuer.

We have reviewed the valuation report prepared by DTZ as set out in Appendix II to the Circular. The Hotel Property was valued as a fully operational hotel and its assessed value remained at HK$78,000,000 as at 29th October, 2008. The assumptions and valuation methodology adopted by DTZ as set out in their valuation report are normal and usual.

We have been advised by the Company that NPML is not managing any hotel other than the Hotel Property and the hotel licence held by NPML, on its own, has insignificant value.

Given the aforesaid, we consider the basis of determining the consideration under the Hotel Disposal Agreement with reference to the aggregate net asset value of RDL and NPML and the valuation of the Hotel Property a fair basis. Taking into account the aggregate unaudited net asset value of RDL and NPML of approximately

HK$75,754,000 as at 30th September, 2008, the aggregate consideration of HK$80,000,000 represents a premium of approximately HK$4,246,000 over the net asset value of RDL and NPML.

Land Disposal Agreement

The consideration for the sale of the NF Sale Shares is HK$63,000,000, payable in cash upon Completion. The consideration was determined after arm's length negotiation and after taking into consideration the preliminary valuation of the Properties of HK$51,000,000 as at 29th October, 2008 prepared by DTZ, an independent professional valuer.

We have reviewed the valuation report prepared by DTZ as set out in Appendix II to the Circular. The Properties were valued on a redevelopment basis assuming that they will be redeveloped into a 50-rooms hotel and its assessed value remained at HK$51,000,000 as at 29th October, 2008. The assumptions and valuation methodology adopted by DTZ as set out in their valuation report are normal and usual.

We consider the basis of determining the consideration under the Land Disposal Agreement with reference to the net asset value of NF and the valuation of the Properties a fair basis. Taking into account the unaudited net asset value of NF of approximately HK$62,962,000 as at 30th September, 2008, the consideration of HK$63,000,000 represents a premium of approximately HK$38,000 over the net asset value of NF.

3. Financial effects of the Disposals

Earnings

Upon Completion, the Group will cease its hotel operation and no more income will be derived therefrom. Nonetheless, with the completion of the acquisition of Abterra Coal and Coke Limited (the "Abterra Acquisition") in September 2008, the Group will derive a new source of income from coal processing and production of industrial coke and coal-related chemicals. Details of the Abterra Acquisition are set out in the circular of the Company dated 30th May, 2008. It has been stated in the interim report of the Group for the six months ended 30th June, 2008 (the "Interim Report") that going forward, the Group intends to also focus on the energy and natural resources industries.

Net asset value

In view of the total gain of approximately HK$4,284,000 (before tax and expenses) to be realized as a result of the Disposals as discussed above, the net asset value of the Group is expected to increase by the same amount.

Cash position and gearing

As stated under the section headed "LIQUIDITY AND FINANCIAL RESOURCES" in the Financial Information of the Group, the Group had approximately HK$171.7 million fixed deposits, cash and bank balances as at 30th June, 2008. The HK$150 million net proceeds received from the placing completed on 3rd September, 2008 had been used to settle part of the consideration for the Abterra Acquisition.

As stated under the section headed "INDEBTEDNESS" in the Financial Information of the Group, at the close of business on 30th September, 2008, being the latest practicable date for the indebtedness statement, the Group had total secured bank borrowing of approximately HK$3,688,000, secured bills payable of approximately HK$436,673,000, interest bearing convertible note due in 2011 of HK$1,000,000,000, unsecured interest bearing bank borrowings of approximately HK$312,444,000, amount due to minority shareholders of the Loudong PRC of approximately HK$265,903,000, amount due to related companies of Loudong PRC of approximately HK$389,737,000, and amount due to the controlling beneficial owner of the Company, Mr. Cai Sui Xin, of approximately HK$28,263,000. The net proceeds from the Disposals of approximately HK$142,000,000 would increase the cash resources of the Group.

THE NEW GENERAL MANDATE

1. Background and reason for the New General Mandate

At the annual general meeting of the Company held on 24th June, 2008 (the "AGM"), the Directors were granted a general mandate to allot, issue and deal with new Shares of up to 20% of the aggregate issued share capital of the Company as at the date of such meeting. As at the date of the AGM, 361,115,372 Shares were in issue and accordingly, up to 72,223,074 new Shares can be issued under the existing general mandate.

As announced by the Company on 3rd September, 2008, placing of 72,000,000 new Shares issued under the Current General Mandate was completed. As such, the Current General Mandate was substantially utilized. In order to provide flexibility to the Directors to exercise the power of the Company to issue new Shares in the future as speedily as possible when needed, the Directors propose to the seek Shareholders' approval of the New General Mandate such that the Directors can exercise the power of the Company to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the SGM plus the number of Shares repurchased by the Company pursuant to the repurchases mandate granted to the Directors at the AGM. Based on the Company's issued share capital of 533,115,372 Shares as at the Latest Practicable Date, and assuming that no Shares would be issued and/or repurchased on or before the date of the SGM, the New General Mandate, if granted, would empower the Directors to allot, issue or otherwise deal with up to 106,623,074 new Shares.

As stated under the section headed "REASONS FOR THE NEW GENERAL MANDATE" in the Letter from the Board, the Board has confirmed that there is no immediate funding need for the Group's current operations and that there is currently no concrete proposal presented by potential investors for investment in the Shares.

2. Financing alternatives

The recent outbreak of the financial tsunami has caused significant disruptions to the financial markets worldwide. The stock market has become more volatile than before and all financial institutions have tightened their credit policies. In the circumstances, it would be in the interest to the Company to secure more flexibility in financial planning and management. The granting of the New General Mandate will restore the Directors' power to issue up to a total of 20% of the issued share capital of the Company as at the date of the SGM, and thereby enhancing the Company's ability to raise more equity capital, which is non-interest bearing, if and when the financial market improves and suitable opportunities arise.

Without the renewal of the New General Mandate, any further equity issue by the Company in excess of the limit of the Current General Mandate will require specific approval from Shareholders at general meeting. The extra time taken for holding the general meeting to obtain the specific Shareholders' approval and the uncertainty as to the voting results may hinder the Company's ability to grasp suitable investment opportunities, and may defer potential investors from subscribing new Shares.

In light of the aforesaid, we consider it would be in the interest of the Company to obtain approval for the New General Mandate from the Independent Shareholders for New General Mandate.

3. Potential dilution to Shareholders

The table below sets out the shareholding of the Company as at the Latest Practicable Date and the potential dilution effect upon full utilisation of the New General Mandate assuming no other changes to the issued share capital of the Company:

Shareholders	**As at the Latest Practicable date**		**Upon full utilisation of the New General Mandate**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mastermind	134,032,000	25.14	134,032,000	20.95
GNR	100,000,000	18.76	100,000,000	15.63
Existing Public Shareholders	299,083,372	56.10	299,083,372	46.75
Shares issued under the New General Mandate	–	–	106,623,074	16.67
Total	533,115,372	100.00	639,738,446	100.00

The issue of the new Shares under the New General Mandate would be dilutive to the percentage shareholding of the existing Shareholders as to a maximum of 16.67%. All Shareholders will be affected to the same extent as long as the new Shares to be issued under the New General Mandate are to third parties other than the existing Shareholders. In view of the benefits of the New General Mandate as discussed above, we consider such potential dilution of shareholding to be acceptable.

CONCLUSION

Having taken into account the principal factors set out above, we are of the opinion that the terms of the Disposals including the basis of consideration are on normal commercial terms and fair and reasonable so far as the Independent Shareholders for Disposals are concerned, and the Disposals are in the interests of the Company and the Shareholders as a whole. The Disposals are not in the ordinary and usual course of business of the Group, completion of which will lead to cessation of the Group's hotel operations business; nonetheless, the Group has commenced coal processing and production business following the Abterra Acquisition. We also consider that the New General Mandate is also fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders for Disposals to vote in favour of ordinary resolutions no. 1 and 2 to be proposed at the SGM to approve the Hotel Disposal Agreement and the Land Disposal Agreement respectively. We also advise the Independent Shareholders for New General Mandate to vote in favour of ordinary resolutions no. 3 and 4 to be proposed at the SGM to approve the New General Mandate.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

1. INDEBTEDNESS

At the close of business on 30th September, 2008, being the latest practicable date for purpose of this indebtedness statement, the Group had total secured bank borrowing of approximately HK$3,688,000, secured bills payable of approximately HK$436,673,000, interest bearing convertible note due in 2011 of HK$1,000,000,000, unsecured interest bearing bank borrowings of approximately HK$312,444,000, amount due to minority shareholders of partially owned subsidiary, Shanxi Loudong General Nice Coking and Gas Company Limited ("Loudong PRC") of approximately HK$265,903,000, amount due to related companies of Loudong PRC of approximately HK$389,737,000, and amount due to the controlling beneficial owner of the Company, Mr. Cai Sui Xin, of approximately HK$28,263,000.

The Group's secured bank borrowings were secured by the Group investment properties situated in the PRC with an aggregate carrying value of approximately HK$13,728,000, and the guarantee from Mr. Lee Sammy Sean, a director of the Company. The Group's secured bills payable was secured by the pledged deposits of approximately HK$239,578,000. The unsecured interest bearing bank borrowings were guaranteed by the related companies of Loudong PRC. The amount due to minority shareholders, of Loudong PRC, the related companies of Loudong PRC and the controlling beneficial owner of Loudong PRC were unsecured, interest free and had no fixed terms of repayment.

At 30th September, 2008, Loudong PRC had potential liability of HK$390,000,000 (USD50,000,000) which represented the prepayment advanced by General Nice Resources (Hong Kong) Ltd to General Nice (Tianjin) Industries Co. Ltd. under the Coke Export Contract as referred to pages 27 to 30 of the circular dated 30th May, 2008. On 7th May 2008, Loudong PRC and General Nice (Tianjin) Industries Co. Ltd. entered into a side agreement pursuant to which General Nice (Tianjin) Industries Co., Ltd. has undertaken to indemnify Loudong PRC for its obligations in relation to the prepayment.

Save as disclosed herein and apart from intra-group liabilities, as at 30th September, 2008, the Group had no other material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, debt securities, guarantees or other material contingent liabilities.

The Directors of the Company confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30th September, 2008 and up to the Latest Practicable Date.

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the Group will have sufficient working capital for at least 12 months from the date of this circular.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2007, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

FINANCIAL RESULTS

For the six months ended 30th June, 2008, the continuing operations turnover of the Group was approximately HK$3.63 million, (2007: HK$5.47 million). For the period under review, the consolidated profit attributable to shareholders amounted to approximately HK$1.50 million (2007: consolidated profit attributable to shareholders amounted to HK$1.13 million). Earnings per share was approximately 0.414 HK cents as compare with earnings per share of 0.505 HK cents in the preceding period.

BUSINESS REVIEW

Property investment and development, hotel investment and operations were core businesses of the Group.

During the period under review, the hotel business continued to be strong, room occupancy rates remained at a satisfactory level.

The renovation works of low-density luxurious residential properties in Beijing were at the final stage. The Group plans to lease out or sell the residential properties depending on prospective offers.

The demolition work of two properties at Mongkok, Kowloon was completed in May 2008. The planning application to re-develop the site to a 50-room hotel had already been approved by the Town Planning Board.

PROSPECTS

The conditional sale and purchase agreement dated 8th December, 2007, the supplemental agreement to the Sale and Purchase Agreement dated 20th March, 2008 and the supplemental letter dated 30th April, 2008 each entered into between Buddies Power Enterprises Limited, a subsidiary of the Group and General Nice Resources (Hong Kong) Ltd. in relation to the acquisition of 100% of the equity interest of Abterra Coal and Coke Limited ("Abterra HK") at a consideration of HK$1,400 million, together with the non-exempt continuing connected transactions and the relevant annual caps were passed as an ordinary resolution at the Special General Meeting of the Company held on 24th June, 2008. Abterra HK is interested in 50.1% equity interest in Shanxi Loudong-General Nice Coking & Gas Company Limited

("Loudong PRC") (山西樓東俊安煤氣化有限公司). Loudong PRC is a manufacturer of coke with an approved capacity of 1.2 million tones per annum. It also produces coal gas, coke tar, crude benzene, and electricity of substantial amount. The audited turnover of Loudong PRC for the year ended 31st March, 2007 was approximately RMB1,212 million and the profit attributable to shareholders amounted to RMB185 million. The acquisition was completed on 3rd September, 2008.

The Board believes that Loudong PRC will contribute good returns to the Group. Going forward, the Group intends to focus on and explore investment opportunities in the energy and natural resources industries. On the other hand, the Group will continue to be engaged in property investment and development, particularly in the PRC.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group has no other significant material acquisitions or disposal of subsidiaries and affiliated companies during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2008, the shareholders' fund of the Group amounted to HK$330.0 million (31st December, 2007: HK$328.6 million). The gearing ratio of the Group as at 30th June, 2008 measured in terms of total liabilities divided by shareholders' equity was approximately 1.73% (31st December, 2007: 1.56%).

As at 30th June, 2008, the Group's net current assets were approximately HK$177.4 million (31st December, 2007: HK$170.4 million). Current assets amounted to approximately HK$179.4 million (31st December, 2007: HK$171.9 million), of which approximately HK$171.7 million (31st December, 2007: HK$163.2 million) was fixed deposits, cash and bank balances. In terms of the quality of current assets, the Group was in a healthy liquidity position.

As at 30th June, 2008, the Group had short term bank borrowings of approximately HK$0.1 million (31st December, 2007: HK$0.09 million), which will be due within one year, and long term bank borrowings were approximately HK$3.6 million (31st December, 2007: HK$3.7 million). All of the Group's borrowings were principally denominated in Hong Kong dollars.

The financial position of the Group remained strong during the period under review.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group has adopted the Hong Kong dollar as its functional and presentation currency. A subsidiary is operated in the People's Republic of China (the "PRC"), and is therefore exposed to foreign exchange risk. However, in view of the stable currency policies adopted by the PRC government, the Board considers that the foreign exchange risk is insignificant.

The Group currently does not have a foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the Board will monitor exchange rate exposure and will consider hedging significant exchange rate exposure should the need arise.

PLEDGE OF ASSETS

As at 30th June, 2008, the investment properties in PRC were pledged to a bank to secure bank loans granted to a subsidiary of the Company.

CONTINGENT LIABILITIES

As at 30th June, 2008, the Group had no significant contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 30th June, 2008, the total number of employees of the Group was 19 (2007: 36). The Group continues to reward its staff with a reasonable remuneration packages that include medical insurance, retirement benefit and share option, etc.

FOR THE YEAR ENDED 31ST DECEMBER 2007

FINANCIAL RESULTS

During the financial year under review, the Group recorded continuing operations turnover of approximately HK$9 million, representing an increase of around 4.4 times, as compared with approximately HK$2 million for the last year. The consolidated profit attributable to shareholders was approximately HK$3 million as compared with profit attributable to shareholders approximately HK$555 million for the preceding year, which was mainly generated from the gain on debt restructuring in 2006. Earnings per share was approximately HK$0.01 as compared with earnings per share of HK$8.33 for the preceding year.

BUSINESS REVIEW

Property investment and development, hotel investment and operations were core businesses of the Group.

During the year, the Hong Kong hotel industry continued to be strong. As a result, the Group's hotel room occupancy rates remained at a satisfactory level.

During the year under review, the low-density luxurious residential properties in Beijing had completed the construction phase, and the decoration works have been commenced. The Group plans to lease out or sell the residential properties depending on prospective offers.

On 5th November, 2007, a subsidiary of the Group purchased two properties in Mongkok, Kowloon from two independent third parties. In line with the principal business of the Group and given the current favourable market conditions, indicated by the strong economic condition and prosperous tourism and retail business in Hong Kong, the Directors believe that the purchase of the properties represents a good opportunity for the Group to enrich its property reserve for its future development at a reasonable cost. The Group has submitted an application to re-develop the site of the properties for hotel business.

On 8th December, 2007, a subsidiary of the Group signed a Sales and Purchase Agreement with General Nice Resources (Hong Kong) Co. Ltd. pursuant to which the subsidiary will acquire 100% of the equity interests of Abterra Coal and Coke Limited ("Abterra HK") and General Nice-Ming Yuan Coal and Coking Co. Ltd. ("Mingyuan BVI") respectively. Abterra HK is interested in 50.1% equity interest in Shanxi Loudong-General Nice Coking & Gas Company Limited ("Loudong PRC") (山西樓東俊安煤氣化有限公司), a company incorporated in the PRC with limited liability; and Mingyuan BVI is interested in 100% equity interest in Qingyuan County Ming Yuan Coal Coking Company Limited ("Mingyuan PRC") (沁源縣明源煤焦有限公司), a company also incorporated in the PRC with limited liability. Loudong PRC is a manufacturer of coke with capacity of approximately 1.8 million tones per annum. Loudong PRC also produces coal gas, coke tar, crude benzene, and electricity of substantial amount. Mingyuan PRC is engaged in metallurgical coke manufacturing with capacity of approximately 800,000 tones per annum. On 20th March, 2008, the subsidiary signed a supplemental agreement with General Nice Resources (Hong Kong) Co. Ltd. pursuant to which the Group has agreed not to purchase Mingyuan PRC owing to the recent approval by the Shanxi Province Bureau of Land and Resources of a coal mine acquisition by Mingyuan PRC whereby majority foreign ownership is not allowed. The revised consideration was reduced to HK$1.4 billion; the consideration shall be increased by HK$280 million in the event that the aggregate of the audited attributable net profits of 50.1% equity interest of Loudong PRC for two financial years ending 31st December, 2009 exceeds HK$230 million.

PROSPECTS

As we mentioned in the 2007 annual report, the Group will explore other high potential industries, such as energy and natural resources, for which there has been a growing demand worldwide. We believe that our acquisition of the target company, Loudong PRC, will contribute good returns to the Group on a long term basis. Looking forward, the Group will continue to focus on investment opportunities in the energy and natural resources sectors in both overseas and local PRC markets.

The Group will also continue to be engaged in property investment and development and hotel investment and operations.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31st December, 2007, the investment properties in Mainland China were pledged to a bank to secure bank loans granted to a subsidiary of the Company.

The Group had no contingent liability as at 31st December, 2007.

EMPLOYEE

As at 31st December, 2007, the total number of employees of the Group was 18. The Group continues to reward its staff with a reasonable remuneration package which includes medical insurance, retirement benefit and share options, etc.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year under review, the Group completed the disposal of 100% equity interest in The Sun's Property Management Limited (the "SPM") at a consideration of HK$1. Given the continuous loss making operation carrying out by SPM, it is in the benefit of the Group to dispose of SPM in order to improve the financial performance of the Group. The Group recorded a gain on disposal of HK$67,000 with reference to the net liabilities of SPM as at 31st October 2007 and the consideration.

The Group has no other significant material acquisitions or disposal of subsidiaries and affiliated companies during the year under review.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group has adopted the Hong Kong dollar as its functional and presentation currency. A subsidiary is operated in the People's Republic of China, and is therefore exposed to foreign exchange risk. However in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently does not have a foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitor exchange rate exposure and will consider hedging significant exchange rate exposure should the need arise.

FUND RAISING

Pursuant to the prospectus issued on 8th August, 2007, Rights Issue of 112,038,437 Rights Shares of HK$0.01 each at HK$1 per Rights Share, payable in full on acceptance on the basis of one Rights Share for every two existing shares held, and following the full subscription of the Rights Shares on 31st August, 2007, the Company received net proceeds of approximately HK$111 million (net of expenses of HK$1 million).

Pursuant to the Subscription Agreement dated 25th September, 2007, the Company allotted and issued to Pachmar Limited for a total of 25,000,000 shares at HK$1.20 each. In respect of the subscription of shares, the Company received an amount of approximately HK$30 million (net of expenses in relation to the Subscription).

The directors intended to use the proceeds of the Rights Issue and Subscription of Shares as general working capital and for the purchase of the two properties in Mongkok, Kowloon and future investments in natural resources sectors in overseas, should the appropriate opportunities arise.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31st December, 2007, the Group's net current assets were approximately HK$170.4 million, as compared with HK$101.9 million for last year. Current assets amounted to approximately HK$171.9 million (2006: HK$103.6 million), of which approximately HK$163.2 million (2006: HK$91.1 million) was fixed deposits, cash and bank balances. In terms of the quality of current assets, the Group was therefore in a healthy liquidity position.

As at 31st December, 2007, the Group had short term bank borrowings of approximately HK$0.09 million (2006: HK$0.07 million), which will be due within one year, and long term bank borrowings of approximately HK$3.7 million (2006: HK$3.8 million). All the Group's borrowings were principally denominated in Hong Kong dollars.

The gearing ratio of the Group as at 31st December, 2007 measured in terms of total liabilities divided by shareholders' equity was approximately 1.56% (2006: 2.97%).

The Group financed its operations generally with internally generated cash flows.

The following is the text of the letter and valuation certificate received from DTZ Debenham Tie Leung Limited, an independent property valuer, prepared for the purpose of incorporation in this circular in connection with their valuation of the Hotel Property and the Properties.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

The Directors
The Sun's Group Limited
19/F Tern Centre Tower 1
No. 237 Queen's Road Central
Hong Kong

19 November 2008

Dear Sirs,

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the properties which are held by The Sun's Group Limited (the "Company") or its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong as set out in the attached Summary of Valuations, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 29 October 2008 (the "date of valuation").

Definition of Market Value

Our valuation of each property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Valuation Basis and Assumption

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Method of Valuation

In valuing the property in Group I which is held by the Group for investment in Hong Kong, we have valued the property as a fully operational hotel by making reference to comparable market transactions.

In valuing the property in Group II which is held by the Group for future development in Hong Kong, we have valued the property on a redevelopment basis assuming that it will be redeveloped in accordance with the proposal provided to us by the Group and by making reference to comparable market transactions as available in the market.

The property valuation complies with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors.

Source of Information

We have relied to a very considerable extent on the information given by the Group. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date, identification of properties, particulars of occupancy, tenancy details, renovation costs, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

Title Investigation

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry in respect of the properties in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

We have inspected the exterior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We attach herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 24 years' experience in the valuation of properties in Hong Kong.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 29 October 2008 *HK$*
Group I – Property interest held for investment by the Group in Hong Kong	
1. Goodrich Hotel, Nos. 92-94 Woosung Street, Yaumatei, Kowloon, Hong Kong	78,000,000
Group II – Property interest held for future development by the Group in Hong Kong	
2. Nos. 423 and 425 Reclamation Street, Mongkok, Kowloon, Hong Kong	51,000,000
Total:	**129,000,000**

VALUATION CERTIFICATE

Group I – Property interest held for investment by the Group in Hong Kong

	Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 29 October 2008**
1.	Goodrich Hotel, Nos. 92-94 Woosung Street, Yaumatei, Kowloon, Hong Kong The Remaining Portions of Sections D and E of Kowloon Inland Lot No. 1397.	The subject development comprises a 13-storey hotel erected on a site with a registered site area of 1,326.31 sq.ft. (123.22 sq.m.). It is situated on the north-west side of Woosung Street between its junctions with Nanking Street and Ning Po Street within Yaumatei District of Kowloon. The property was completed in 1984. The property accommodates 55 guestrooms located on 2nd to 12th floors whilst its ground and 1st floors are devoted to hotel lobby and general retail purposes respectively. The total gross floor area of the property is 14,525 sq.ft. (1,349.39 sq.m.). The property is held under Government Leases both for terms of 75 years from 8 March 1920 renewed for further terms of 75 years. Aggregate current Government Rent payable for the lots is HK$71,300 per annum.	The property is operated by the Group as a hotel.	HK$78,000,000

Notes:

(1) The registered owner of the property is Rolling Development Limited, a wholly owned subsidiary of the Company, vide Memorial No. UB6155000 dated 11 October 1994 referring to an Assignment for a consideration of HK$77,800,000.

(2) The property was originally an office building and as informed by the Group, we understand that the building was converted to a hotel development in 1997.

(3) The property falls within Kowloon Planning Area No. 2 and is zoned under Approved Yau Ma Tei Outline Zoning Plan No. S/K2/20 dated May 2008 for "Residential (Group A)" purposes.

(4) We have valued the property in its existing state as a hotel with the benefit of all permit(s), licence(s), approval(s) and all fittings and fixtures essential for the operation.

VALUATION CERTIFICATE

Group II – Property interest held for future development by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 29 October 2008
2.	Nos. 423 and 425 Reclamation Street, Mongkok, Kowloon, Hong Kong Sub-section 1 of Section A and Section B of Kowloon Inland Lot No. 1166.	The property comprises a vacant site of two lots with a total registered site area of approximately 193.05 sq.m. (2,078 sq.ft.). The property is held from the Government for a term of 75 years from 9 April 1897 renewed for a further term of 75 years. The annual Government rent payable for the property is HK$3,228.	As at the date of valuation, the property was vacant.	HK$51,000,000

Notes:

(1) The registered owner of the property is New Fortune Development Limited, a wholly owned subsidiary of the Company.

(2) The property falls within Kowloon Planning Area No. 3 and is zoned under Approved Mong Kok Outline Zoning Plan No. S/K3/24 dated 25 July 2008 for "Residential (Group A)" purposes.

(3) Planning Application No. A/K3/500 was approved with conditions by the Town Planning Board on 4 January 2008 for the proposed hotel development of the property into 50 hotel rooms.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular concerning the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Name of Director	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding *(%)*
Mr. Lee *(Note 1)*	134,032,000 (L)	Interest of a controlled corporation	25.14
Cai Sui Xin *(Note 2)*	500,000,000 (L)	Interest of a controlled corporation	93.79
Lau Yu	5,030,000 (L)	Beneficial interest	0.94

L: Long Position

Notes:

1. These Shares includes 134,032,000 Shares held by Mastermind Assets Management Limited, a company wholly-owned by Mr. Lee.

2. These Shares includes 500,000,000 held by General Nice Resources (Hong Kong) Limited, a company owned as to 55% by Mr. Cai Sui Xin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding *(%)*
Mastermind	134,032,000 (L)	Beneficial owner	25.14
Mr. Lee *(Note 1)*	134,032,000 (L)	Interest in controlled corporation	25.14
GNR *(Note 2)*	500,000,000 (L)	Beneficial owner	93.79
General Nice Development Limited *(Note 3)*	500,000,000 (L)	Interest in controlled corporation	93.79
Vantage Region International Limited *(Note 4)*	500,000,000 (L)	Interest in controlled corporation	93.79
Tsoi Ming Chi *(Note 6)*	500,000,000 (L)	Interest in controlled corporation	93.79

L: Long Position

Notes:

1. Mastermind is a company wholly-owned by Mr. Lee. Accordingly, Mr Lee is deemed to be interested in 134,032,000 Shares held by Mastermind under the SFO.

2. GNR is interested in 100,000,000 issued Shares and 400,000,000 underlying Shares which may be allotted and issued upon the exercise of the conversion rights attaching to the convertible note with a principal amount of HK$1,000,000,000 at an initial conversion price of HK$2.50 per conversion share.

3. General Nice Development Limited holds 80% equity interest in GNR and is deemed to be interested in the 500,000,000 Shares or underlying shares held by GNR.

4. Vantage Region International Limited holds 50% equity interest in General Nice Development Limited and is deemed to be interested in the 500,000,000 Shares or underlying shares held by GNR.

5. Mr Tsoi Ming Chi holds 35% equity interest in General Nice Development Limited and is deemed to be interested in the 500,000,000 Shares or underlying shares held by GNR.

(c) Substantial shareholders of other members of the Group

As at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

(a) the Hotel Disposal Agreement;

(b) the Land Disposal Agreement;

(c) a disposal agreement dated 31 October 2007 entered into between The Sun's Group (H.K.) Limited and Famous Key Investments Limited in relation to the disposal of 100% equity interests in The Sun's Property Management Limited;

(d) a sale and purchase agreement dated 8 December 2007 entered into between Buddies Power Enterprises Limited and GNR in relation to the acquisition of 100% equity interest in Abterra Coal and Coke Limited at a consideration of HK$1,400 million;

(e) a supplemental agreement dated 20 March 2008 entered into between Buddies Power Enterprises Limited and GNR to amend the terms under the sale and purchase agreement dated 8 December 2007; and

(f) a placing agreement dated 12 August 2008 entered into between the Company and Grand Vinco Capital Limited in relation to the placing of a maximum of 72,000,000 new Shares.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. LITIGATION

So far as the Directors are aware, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

7. EXPERT

The following is the qualifications of the expert who have given an opinion or advice contained in this prospectus:

Name	Qualification
DTZ	Property Valuer
INCU Corporate Finance Limited	A licensed corporation to carry out type 6 regulated activities pursuant to the SFO

As at the Latest Practicable Date, DTZ and INCU Corporate Finance Limited did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, DTZ and INCU Corporate Finance Limited was not interested beneficially or non-beneficially in any Shares in the Company or any of its subsidiaries or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

DTZ and INCU Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which it respectively appears.

8. MISCELLANEOUS

(a) Save as the Hotel Disposal Agreement and the Land Disposal Agreement under which Mr. Lee, an executive Director, is a purchaser, there is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

(b) As at the Latest Practicable Date, save as the Hotel Disposal Agreement and the Land Disposal Agreement under which Mr. Lee, an executive Director, is a purchaser, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business in Hong Kong is at 19/F., Tern Centre, Tower 1, 237 Queen's Road Central, Hong Kong.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Mr. Leung Yuen Wing, who is an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Institute of Chartered Accountants in England and Wales, and a fellow member of the Association of Chartered Certified Accountants. The qualified accountant of the Company is Mr. Kwok Kam Tim, who is an associate member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 19/F., Tern Centre, Tower 1, 237 Queen's Road Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

(a) the bye-laws of the Company;

(b) the written consent from the expert referred to under the paragraph headed "Expert" in this appendix;

(c) the material contracts referred to under the paragraph "Material contracts" in this appendix;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 in this circular;

(e) the letter of advise from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for Disposals and the Independent Shareholders for New General Mandate, the text of which is set out on pages 20 to 27 in this circular;

(f) the valuation report on the Hotel Property and the Properties, the text of which is set out in Appendix II to this circular;

(g) the annual reports of the Company for each of the two financial years ended 31 December 2006 and 31 December 2007;

(h) the interim report of the Company for the six months ended 30 June 2008;

(i) the circulars of the Company dated 30 May 2008; and

(j) this circular.

新銀集團有限公司*
THE SUN'S GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 988)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of The Sun's Group Limited (the "**Company**") will be held at Lingnan Club, 13/F., On Lok Yuen Building, 25 Des Voeux Road Central, Hong Kong on Friday, 5 December 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** the conditional agreement (the "**Hotel Disposal Agreement**") dated 29 October 2008 entered into between City Joint Investments Limited ("**City Joint**"), a wholly owned subsidiary of the Company, as vendor and Everbig Investments Limited (the "**Purchaser**"), as purchaser in relation to the sale and purchase of the entire issued share capital of Rolling Development Limited and the entire issued share capital of New Point Management Limited (a copy of which is marked "A" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) be and is hereby ratified, confirmed and approved and any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Hotel Disposal Agreement and the transactions contemplated thereunder."

2. "**THAT** the conditional agreement (the "**Land Disposal Agreement**") dated 29 October 2008 entered into between the Company as vendor and the Purchaser, as purchaser in relation to the sale and purchase of the entire issued share capital of New Fortune Development Limited (a copy of which is marked "B" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) be and is hereby ratified, confirmed and approved and any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Land Disposal Agreement and the transactions contemplated thereunder."

3. "**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting (the "**AGM**") of the Company held on 24 June 2008 be and is hereby revoked and replaced by the mandate **THAT**:

   (a) subject to paragraph (c) below, pursuant to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the exercise by the Directors during the

* *for identification purpose only*

Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK$0.01 each (the "**Shares**") in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise 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), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the "**Bye-laws**") of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purpose of this resolution:

"**Relevant Period**" means the period from the date of 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 Bye-laws, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion 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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

4. "**THAT** conditional upon the passing of resolution no. 3 above, the mandate granted to the Directors at the AGM to extend the general mandate to allot and issue Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 3 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution."

By order of the Board
The Sun's Group Limited
Lui Ngok Che
Executive Director

Hong Kong, 19 November 2008

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
19/F., Tern Centre Tower 1
237 Queen's Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the Meeting or any adjourned Meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.