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SUN CENTURY GROUP LIMITED

太陽世紀集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

**VERY SUBSTANTIAL DISPOSAL
IN RESPECT OF THE PROPOSED DISPOSAL OF
PROPERTIES AND THE ENTIRE ISSUED SHARE CAPITAL OF
SHENZHEN GANG LONG CITY COMMERCIAL
MANAGEMENT COMPANY LIMITED
AND
RESUMPTION OF TRADING**

THE FRAMEWORK AGREEMENT

On 27 March 2012 (after trading hours), Hong Long Property, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement pursuant to which Hong Long Property has agreed to sell and the Purchaser has agreed to purchase the Shenzhen Property and the Sale Capital for the Aggregate Consideration of RMB780 million (equivalent to approximately HK\$959.40 million). Pursuant to the Framework Agreement, the Purchaser shall repay the Loan for and on behalf of Hong Long Management and the repayment sum shall be treated as part of the Aggregate Consideration.

Upon completion of the Proposed Disposal, the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

Since a relevant percentage ratio exceeds 100%, the Proposed Disposal as contemplated under the Framework Agreement constitutes a very substantial disposal on the part of the Company under the Listing Rules. Thus the Framework Agreement and the transactions contemplated thereunder require the approval of the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting to approve the ordinary resolution in respect of the Framework Agreement and the transactions contemplated thereunder at the EGM.

* for identification purposes only

A circular containing, among other matters, further details of the Proposed Disposal, a valuation report on the Shenzhen Property and Injection Properties held by Hong Long Property and a notice to convene the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 7 May 2012.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 March 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 April 2012.

THE FRAMEWORK AGREEMENT

Date: 27 March 2012 (after trading hours)

Parties: (1) Hong Long Property (as vendor)

(2) The Purchaser (as purchaser)

(3) Hong Long Management (as confirming party)

Hong Long Property is an indirect wholly-owned subsidiary of the Company established in the PRC and is principally engaged in investment holding and property development. It holds the entire registered share capital of the Target Company.

The Purchaser is a company established in the PRC and is principally engaged in property investment and management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Hong Long Management is an indirect wholly-owned subsidiary of the Company established in the PRC and is principally engaged in property management. It manages the Shenzhen Property and the Injection Properties.

The Proposed Disposal

Pursuant to the terms of the Framework Agreement, Hong Long Property has agreed to sell and the Purchaser has agreed to purchase the Shenzhen Property and the Sale Capital.

Consideration

The consideration for the Shenzhen Property is RMB320 million (equivalent to approximately HK\$393.60 million) and the consideration for the Sale Capital is RMB460 million (equivalent to approximately HK\$565.80 million). The Aggregate Consideration is RMB780 million (equivalent to approximately HK\$959.40 million).

The Aggregate Consideration shall be paid in cash by the Purchaser in the following manner:

- (a) Upon the passing by the Shareholders at the EGM of all necessary resolutions to approve the Framework Agreement and the transactions contemplated thereunder, RMB201 million (equivalent to approximately HK\$247.23 million) shall be paid to Hong Long Property in cash as the first installment of the Aggregate Consideration;
- (b) approximately RMB440.60 million (equivalent to approximately HK\$541.94 million) and interest thereof, shall be paid in cash to the Bank within 5 days after the passing by the Shareholders at the EGM of all necessary resolutions to approve the Framework Agreement and the transactions contemplated thereunder, for repayment of the Loan. The actual sum payable for repayment of the Loan and the interest thereof shall be determined by the notice of repayment issued by the Bank. The actual sum paid by the Purchaser to the Bank (excluding the interest of the Loan incurred from the Cutoff Date to the date of repayment, if any) for repayment of the Loan and the interest thereof shall be treated as the second installment of the Aggregate Consideration.
- (c) The balance of the Aggregate Consideration shall be paid in cash to a designated account of Hong Long Property within 10 days from the completion of the transfer of the Target Company, the issue of new land use right certificate of the Shenzhen Property to the Purchaser and the entering into new tenancy agreements by the Purchaser with the existing tenants of the Shenzhen Property and the Injection Properties.

The Aggregate Consideration was arrived at after arm's length negotiations between the parties to the Framework Agreement.

The Aggregate Consideration was RMB780 million which is RMB274 million less than the aggregate of the fair market value of the Shenzhen Property and the Injection Properties of approximately RMB370 million and RMB684 million respectively as advised by an independent valuer, and represents a discount of approximately 26% to the fair market value. Notwithstanding that the Aggregate Consideration represents a discount of approximately 26% to the fair value, taking into account that (i) most of the proceeds of the disposal of projects and the funds raised since 30 June 2011 of approximately RMB257 million were used to settle the project construction costs of the Group; (ii) the Proposed Disposal would enable the Group to realize its investment in the Shenzhen Property and the Injection Properties for immediate cash inflow, in particular the amount of the Aggregate Consideration in excess of the Loan and the outstanding interest thereon, and thus enhance the Group's cash position; (iii) as a result of the repayment of the Loan by the proceeds of the Proposed Disposal, the Group will reduce its finance costs in the future; and (iv) the Loan would be fully settled after the Proposed Disposal and as a result, the possible litigation could be avoided, the Directors consider that the Aggregate Consideration is commercially acceptable and fair and reasonable as far as the Company is concerned.

Conditions Precedent:

Completion of the Framework Agreement shall be conditional upon the satisfaction of the following condition precedent:

- (1) the passing by the Shareholders at the EGM of all necessary resolutions to approve the Framework Agreement and the transactions contemplated hereby, and all other consents and acts required under the Listing Rules having been obtained; and
- (2) the Purchaser having completed the due diligence review on the Shenzhen Property and confirmed in writing that it is satisfied with the conditions of the Shenzhen Property;
- (3) Hong Long Property having completed all procedures in relation to the injection of the Injection Properties into the Target Company; and
- (4) the Purchaser having completed the due diligence review on the Target Company and confirmed in writing that it is being generally satisfied with the conditions of the Target Company.

Conditions Precedent (2) to (4) above are waivable by the Purchaser. Condition Precedent (1) is incapable of being waived. If the Condition Precedents are not fulfilled or waived (as the case may be) on or before 30 April 2012 or such later date as may be agreed between by the parties in writing, the Framework Agreement will be terminated.

Discharge and handover procedures

Pursuant to the Framework Agreement, within 2 days from the repayment of the Loan and the interest thereof, Hong Long Property shall cooperate with the Purchaser to attend to the procedures for the discharge of the charge registration and attachment in respect of the Shenzhen Property and the Injection Properties.

Hong Long Property shall transfer the Shenzhen Property to the Purchaser after completion the discharge of the charge registration and attachment in respect of the Shenzhen Property.

For the Sale Capital, Hong Long Property shall transfer the Sale Capital to the Purchaser after completion of the discharge of the charge registration and attachment in respect of the Injection Properties and completion of the injection of the Injection Properties into the Target Company.

Hong Long Property shall be responsible for the debts in relation to the Shenzhen Property and the Injection Properties and the debts of the Target Company which exist before completion of the transfer of the Shenzhen Property and the Sale Capital to the Purchaser.

The rent, management fees and utility charges paid by the tenants of the Shenzhen Property and Hong Long Property after the Cutoff Date shall belong to the Purchaser and be received by Hong Long Property for and on behalf of the Purchaser. The utility charges, relevant taxes and the interest on Loan after the Cutoff Date shall be borne by the Purchaser and paid by Hong Long Property for and on

behalf of the Purchaser. The aforementioned sums shall be settled between Hong Long Property and the Purchaser when the balance of the Aggregate Consideration is paid in accordance with the terms of the Framework Agreement.

Upon completion of the Proposed Disposal of the Sale Capital, the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY, HONG LONG MANAGEMENT, THE SHENZHEN PROPERTY, AND THE INJECTION PROPERTIES

The Target Company, a direct wholly-owned subsidiary of Hong Long Property, is a limited liability company established in the PRC and was incorporated on 27 February 2012. It is principally engaged in property holding and management.

Hong Long Management, a direct wholly owned subsidiary of Hong Long Property, is a limited liability company established in the PRC and is principally engaged in property management. It is the management company of the Shenzhen Property and Injection Properties as at the date of this announcement.

The Shenzhen Property is a commercial unit situated at Shenzhen Bao An District and has a total gross floor area of approximately 12,776.27 sq. m.. The Injection Properties comprise four commercial units and a car park all situated at Shenzhen Bao An District. The total gross floor area of the Injection Properties is approximately 51,620.86 sq. m..

The Shenzhen Property and the Injection Properties are held by Hong Long Property for leasing as at the date of this announcement. As advised by an independent valuer, the fair market value of the Shenzhen Property and the Injection Properties as at 31 December 2011 was RMB1,054 million (equivalent to approximately HK\$1,296.42 million).

According to the unaudited financial statements of Hong Long Property and Hong Long Management for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in the PRC, the Shenzhen Property and Injection Properties generated a gross rental and management fee income of approximately RMB42 million (equivalent to approximately HK\$51.66 million) and the net income of approximately RMB31 million (equivalent to approximately HK\$38.13 million) (after deducting direct outgoings and excluding fair value gain/loss on property revaluation). The finance cost related to the Loan was approximately RMB28 million (equivalent to approximately HK\$34.44 million).

According to the unaudited financial statements of Hong Long Property and Hong Long Management for the year ended 31 December 2011, which is prepared in accordance with generally accepted accounting principles in the PRC, the Shenzhen Property and Injection Properties generated a gross rental and management fee income of approximately RMB26 million (equivalent to approximately HK\$31.98 million) and the net income of approximately RMB20 million (equivalent to approximately HK\$24.60 million) (after deducting direct outgoings and excluding fair value gain/loss on property revaluation). The finance cost related to the Loan was approximately RMB27 million (equivalent to HK\$33.21 million).

According to the unaudited financial statements of the Target Company from the date of its incorporation to 29 February 2012, which were prepared in accordance with generally accepted accounting principles in the PRC, the Target Company has a turnover of RMBnil and the net loss before and after tax and extraordinary items were RMBnil. The unaudited net asset value of the Target Company was approximately RMB1 million (equivalent to approximately HK\$1.23 million) as at 29 February 2012.

INFORMATION ON THE LOAN

Hong Long Management entered into a loan agreement with the Bank on 27 February 2009 under which the Bank has agreed to lend and Hong Long Management has agreed to borrow a sum of RMB600 million (equivalent to approximately HK\$738.00 million) with interest payable thereof. Pursuant to the Loan agreement, Hong Long Property had entered into a collateral agreement with the Bank under which the Shenzhen Property and Injection Properties were charged in favour of the Bank to secure the Loan.

As of the date of this announcement, a sum of approximately RMB440.6 million (equivalent to approximately HK\$541.94 million) and the interest accrued thereon remains outstanding.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group is principally engaged in property development and leasing of middle to high range residential and commercial properties in the PRC.

On 5 March 2012, Hong Long Management received a writ of civil proceedings from the Bank pursuant to which, among other things, an order was sought for the repayment by Hong Long Management of the outstanding principal of the Loan of RMB440.6 million and the outstanding interest accrued thereon up to the date of the full repayment of the outstanding principal of the Loan. Pursuant to the writ, the Bank claimed that (i) Hong Long Management had not made repayment in accordance with the loan contract and there had been occurrence of other events of default under the loan; and (ii) Hong Long Property and the Former Director had not discharged their obligations under the charge contract to safeguard the security of the Bank's credit assets. If the Proposed Disposal cannot be completed and the Company cannot obtain alternative funding to repay the Loan and the outstanding interest accrued thereon, the Bank may sell the Shenzhen Property and the Injection Properties by compulsory auction. As a result, Hong Long Management has to realise the Shenzhen Property and the Injection Properties and apply the proceeds to repay the Loan as soon as possible. Due to the time constraint, the Directors consider that the Proposed Disposal represents a timely opportunity for the Group to realize the Shenzhen Property and Injection Properties at a reasonable price. There is no breach of other bank/loan covenants by the Company as a result of the Writ.

As the result of the Proposed Disposal, the Directors expect that the Group would record an unaudited loss on the Proposed Disposal of approximately HK\$338.25 million, being the difference between the estimated net proceeds from the Proposed Disposal of HK\$958.17 million (after deducting all relevant fees and expenses) and HK\$1,296.42 million being the total of the estimate net assets value of the Target Company after the injection of the Injection Properties and the fair market value of the Shenzhen Property. The net proceeds from the Proposed Disposal will be used for repayment of bank loan and general working capital of the Group.

Based on the above, the Directors consider that the terms and conditions of the Proposed Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since a relevant percentage ratio exceeds 100%, the Proposed Disposal as contemplated under the Framework Agreement constitutes a very substantial disposal on the part of the Company under the Listing Rules. Thus the Framework Agreement and the transactions contemplated thereunder require the approval of the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting to approve the ordinary resolution in respect of the Framework Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other matters, further details of the Proposed Disposal, a valuation report on the Shenzhen Property and the Injection Properties and a notice to convene the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 7 May 2012.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 March 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 April 2012.

DEFINITIONS

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

“Aggregate Consideration”	the consideration of RMB780 million (equivalent to approximately HK\$959.40 million) to be satisfied by the Purchaser for the acquisition of the Sale Capital and the Shenzhen Property
“Bank”	Shenzhen branch of China Construction Bank
“Board”	the board of Directors
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent to the completion of the Framework Agreement
“Cutoff Date”	1 February 2012

“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Former Director”	Mr. Zeng Sheng
“Framework Agreement”	the framework agreement dated 27 March 2012 and entered into among Hong Long Property, the Purchaser and Hong Long Management in relation to the sale and purchase of the Sale Capital and the Shenzhen Property
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Long Management”	深圳市鴻隆商業管理有限公司 (Shenzhen Hong Long Commercial Management Company Limited#), a company established in the PRC and a direct wholly-owned subsidiary of Hong Long Property
“Hong Long Property”	鴻隆地產集團有限公司 (Hong Long Property Group Limited#), formerly named as 鴻隆地產(深圳)有限公司 (Hong Long Properties (Shenzhen) Company Limited#), a company established in the PRC which is an indirect wholly-owned subsidiary of the Company and the holder of Land Use Rights under the State-owned Property Ownership Certificate Nos. Shen Fang Di Zi Di 5000248406, 5000248405, 5000248404, 5000248401 and 5000248402 Hao.
“Independent Third Party”	any person or company and its/his respective ultimate beneficial owner(s), 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
“Injection Properties”	the properties comprising four commercial units (the second floor to the fifth floor of Hong Long Plaza) and a car park with a total gross floor area of about 51,620.86 square meters, the land use right to which is vested to Hong Long Property under the State-owned Property Ownership Certificate Nos. Shen Fang Di Zi Di 5000248406, 5000248405, 5000248404, and 5000248402 Hao.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan due by Hong Long Management to the Bank

“PRC”	the People’s Republic of China which excludes, for the purposes of this Announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Disposal”	the proposed disposal by Hong Long Property of the Sale Capital and the Shenzhen Property subject to and upon the terms and conditions of the Framework Agreement
“Purchaser”	深圳市鴻鼎盛投資有限公司 (Shenzhen Hong Ding Sheng Investment Company Limited [#]), a company incorporated in the PRC, an Independent Third Party of the Group
“Shenzhen Property”	the commercial unit (the first floor of Hong Long Plaza) with a total gross floor area of about 12,776.27 square metres, the land use right to which is vested to Hong Long Property under the State-owned Property Ownership Certificate No. Shen Fang Di Zi Di 5000248401 Hao.
“Sale Capital”	the entire registered capital of the Target Company
“Shareholders”	holders of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市港隆城商業管理有限公司 (Shenzhen Gang Long City Commercial Management Company Limited [#]), a company incorporated in the PRC and a indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 13 April 2012

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.23. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

#The English transliteration of the Chinese names in the announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

As at the date of this announcement, the executive Directors are Mr. CHAU Cheok Wa, Mr. ZENG Yunshu, Mr. LEE Chi Shing Caesar, Ms. YEUNG So Mui, Ms. CHENG Mei Ching, Ms. YEUNG So Lai and Mr. LEUNG Ming Ho Vincent; and the independent non-executive Directors are Dr. LI Jun, Mr. CHEUNG Ngai Lam, Mr. CHEUNG Kwok Yu and Mr. LUI Man Wah.