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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)

POSSIBLE LITIGATION

This announcement is made by Sun Century Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the Shenzhen Branch of Shanghai Pudong Development Bank Company Limited (the “**Bank**”) has filed a writ of civil proceedings (the “**Writ**”) with Shenzhen Intermediate People’s Court against 梅州地中海酒店有限公司 (Meizhou Mediterranean Sea Hotel Company Limited[#]) as borrower (the “**Borrower**”), the second defendant as chargor (the “**Chargor**”) and other five defendants as guarantors (including 深圳市紫瑞房地產開發有限公司 (Shenzhen Zirui Real Estate Development Limited[#]) (“**Shenzhen Zirui**”) and 大陽世紀地產集團有限公司 (Sun Century Property Group Company Limited[#]) (“**Sun Century Property**”) as guarantor). Shenzhen Zirui and Sun Century Property are both indirect wholly-owned subsidiaries of the Company.

Pursuant to the Writ, the following orders are being sought by the Bank:

1. the entrusted loan agreement executed among the Bank, the Borrower and a third party shall be declared legal and valid and the Borrower shall repay the Bank the principal of the loan in the amount of RMB120 million and the relevant interest and penalty interest (as at 6 June 2012, the outstanding interest is RMB16,237,208.73);

* *For identification purpose only*

2. the Bank shall enjoy the rights under the charge over a parcel of land in Meijiang District, Meizhou city created by the Chargor. The Bank shall have the right to apply such charged property to settle the outstanding loan. After the disposal of the charged property by the Bank, if the charged property is insufficient to settle the outstanding loan, the Chargor shall assume the joint liability for the repayment of the unsettled loan to the Bank;
3. based on the loan guarantee undertakings, Shenzhen Zirui, Sun Century Property and other three defendants shall assume the joint liability for the repayment of the loan to the Bank; and
4. all the defendants shall be jointly liable for the costs of the proceedings.

The Writ was received by the Company on 6 August 2012. Other than the Writ, the Company has not received other litigation materials pertaining to such legal proceedings.

The Board denies that Shenzhen Zirui and Sun Century Property have authorised the execution of any loan guarantee undertaking in relation to the loan referred to under the Writ. The Group has no business relationship or any other relationship with the Borrower, the Chargor and all other defendants.

The Group is in the course of seeking legal advice from its PRC legal counsel on the Writ. The Company will make further announcement in due course as to any material development in connection with the aforesaid possible litigation. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

13 August 2012

[#] *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, Ms. YEUNG So Mui, Ms. CHENG Mei Ching, and Ms. YEUNG So Lai and Mr. QIU Bin; and the independent non-executive Directors are Mr. TOU Kin Chuen and Dr. WU Kam Fun Roderick.