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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)**

- (1) PROPOSED OPEN OFFER IN THE PROPORTION OF SIX (6) OFFER SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;**
- (2) CONNECTED TRANSACTION: SET-OFF OF THE LOAN;**
- (3) APPLICATION FOR WHITEWASH WAIVER;**
- (4) CHANGE IN BOARD LOT SIZE;**
- AND**
- (5) RESUMPTION OF TRADING**

### **PROPOSED OPEN OFFER**

The Board proposes to raise not less than approximately HK\$313 million before expenses and the Set Off by issuing not less than 1,254,184,050 Offer Shares and not more than 1,320,181,518 at the Subscription Price of HK\$0.25 per Offer Share on the basis of six (6) Offer Shares for every one (1) Share held on the Record Date.

To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and must not be a Prohibited Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar on or before 4:30 p.m. on Wednesday, 17 October 2012, being the Latest Lodging Date. The register of members for the Shares will be closed from Thursday, 18 October 2012 to Monday, 22 October 2012, both dates inclusive.

Pursuant to the Underwriting Agreement, Fame Select and the Company have agreed that the aggregate Subscription Price required to be paid by Fame Select for the 276,901,200 Offer Shares to be subscribed by it under the Fame Select Undertaking will be paid by way of the Set Off of HK\$69,225,300 against the Loan.

The Set Off will constitute a connected transaction on the part of the Company.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite all the Underwritten Shares which have not been taken up by the Qualifying Shareholders. Therefore, the Open Offer is fully underwritten by the Underwriter.

**The Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer”. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed “Termination of the Underwriting Agreement” below) prior to 4:00 p.m. on the Business Day following the Latest Time for Acceptance. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Investors’ attention is drawn to the section headed “WARNING OF THE RISK OF DEALING IN SHARES” below.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealings in the Shares and the Offer Shares up to the date when the conditions of the Open Offer are fulfilled.**

#### **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

To ensure that immediately upon closing of the Open Offer, the Shares held in the public hands will not be less than 25% of the Company’s entire issued share capital, on 27 July 2012, the Underwriter has entered into the Placing Agreement (as supplemented on 5 September 2012) with the Placing Agent, who acts as the placing agent for the Underwriter, on a fully underwritten basis, to place up to 254,636,303 Underwritten Shares taken up by the Underwriter to other investors who are independent of the directors, the chief executives, the controlling shareholders, and the substantial shareholders of the Company and the Underwriter and their respective subsidiaries, associates and concert parties on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer to the extent that at least 25% of the issued share capital of the Company will be held by the public.

## **APPLICATION FOR WHITEWASH WAIVER**

Assuming that no Shareholders have taken up any Offer Shares and there has been no exercise of the Options and the Warrants, upon completion of the Open Offer, the taking up of (i) the Offer Shares to which Fame Select is entitled under the Open Offer, and (ii) the Underwritten Shares would result in the aggregate shareholding of Fame Select and its concert parties in the Company being increased from approximately 22.08% to approximately 88.87% and would therefore give rise to a mandatory offer obligation on the part of the Underwriter and its concert parties under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which Fame Select and the parties acting in concert with it and those who are involved in or interested in the Open Offer and the Whitewash Waiver will abstain from voting in respect of 46,150,200 Shares held by Fame Select on the relevant resolutions. It is a condition precedent to the completion of the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

## **CHANGE IN BOARD LOT SIZE**

The Board proposes to change the board lot size for trading of the Shares from 1,000 Shares to 10,000 Shares with effect from Friday, 16 November 2012.

No new share certificates for existing shareholdings will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 1,000 Shares to new share certificates in board lot size of 10,000 Shares is necessary.

## **LISTING RULES IMPLICATIONS**

Since the Open Offer will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is conditional on approval by the Independent Shareholders at the EGM by way of poll, and any Controlling Shareholders and their associates shall abstain from voting in favour of the relevant resolution at EGM or, where there are no such 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 resolutions at the EGM.

The absence of excess application and the alternative arrangement for the disposal of the Offer Shares not taken up under the Open Offer shall be specifically approved by the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 7.21 of the Listing Rules.

As at the date of this announcement, Fame Select and its concert parties in aggregate hold approximately 22.08% of the issued share capital of the Company and therefore Fame Select is a connected person of the Company. The Set Off as contemplated under the Underwriting Agreement therefore constitutes connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Set Off is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

As Fame Select, being an associate of Mr. Chau and the Underwriter to the Open Offer, is deemed to have a material interest in the Open Offer and the Set Off, Fame Select and its concert parties and those who are involved in or interested in the Open Offer, the Whitewash Waiver and the Set Off will abstain from voting on the respective resolutions at the EGM for approving the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the Whitewash Waiver, the Set Off and the absence of excess application arrangement under the Open Offer. The voting at the EGM will be taken by way of poll.

## **GENERAL**

The Company will establish an independent board committee, which comprises all independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreements, the Whitewash Waiver and the Set Off are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Set Off are in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement, the Whitewash Waiver and the Set Off are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Set Off are in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Further announcement will be made by the Company when the independent financial adviser is appointed.

A circular including, among other things, details of (i) the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off; (ii) the recommendation of the independent board committee in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off together with (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with Rule 8.2 of the Takeovers Code.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 27 July 2012 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 6 September 2012.

### **PROPOSED OPEN OFFER**

The Board proposes to raise not less than approximately HK\$313 million before expenses and the Set Off by issuing not less than 1,254,184,050 Offer Shares and not more than 1,320,181,518 at the Subscription Price of HK\$0.25 per Offer Share on the basis of six (6) Offer Shares for every one (1) Shares held on the Record Date.

#### **Issue statistics**

Basis of the Open Offer:	Six (6) Offer Shares for every one (1) Share held on the Record Date
Number of Shares in issue:	209,030,675 Shares as at the date of this announcement
Number of outstanding Share Options:	2,899,578 Share Options entitle the holders to subscribe for an aggregate of 2,899,578 Shares as at the date of this announcement
Number of outstanding Warrants:	8,100,000 Warrants entitle the holders to subscribe for an aggregate of 8,100,000 Shares as at the date of this announcement
Number of Offer Shares:	not less than 1,254,184,050 Offer Shares and not more than 1,320,181,518 Offer Shares

The aggregate nominal value of the Offer Shares will be not less than HK\$125,418,405.00 and not more than HK\$132,018,151.80

Number of Offer Shares undertaken to be taken up by Fame Select: Pursuant to the Underwriting Agreement, Fame Select has given the irrevocable Fame Select Undertaking in favour of the Company that, among others, (i) the 46,150,200 Shares registered in the name of and beneficially owned by Fame Select will remain registered in the name of and beneficially owned by Fame Select before the date when the announcement of the results of the Open Offer is published; (ii) Fame Select will accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares; and (iii) Fame Select will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Number of Offer Shares underwritten by the Fame Select: Not less than 977,282,850 Offer Shares and not more than 1,043,280,318 Offer Shares, being the total number of the Offer Shares less the number of the Offer Shares to be taken up by Fame Select. The Open Offer (other than the Offer Shares undertaken to be taken up by Fame Select under the Fame Select Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

As at the date of this announcement, the Company has 2,899,578 outstanding Share Options and 8,100,000 outstanding Warrants which in aggregate entitle holders thereof to subscribe for 10,999,578 Shares. Save as disclosed above, the Company does not have any other outstanding securities in issue which are convertible or exchangeable into Shares as at the date of this announcement. The Company has no intention to issue any new Shares and any other securities before the completion of the Open Offer.

As at the date of this announcement, the Company has not received any notice from the holders of the Share Options and Warrants of their intention to exercise any Share Options or Warrants.

### **Subscription Price**

The Subscription Price for the Offer Shares is HK\$0.25 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer. The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK\$0.248.

The Subscription Price represents:

- (i) a discount of approximately 78.26% to the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on 27 July 2012, being the Last Trading Day;

- (ii) a discount of approximately 34.21% to the theoretical ex-entitlements price of approximately HK\$0.38 per Share based on the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 78.41% to the average closing price of approximately HK\$1.158 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 79.42% to the average closing price of approximately HK\$1.215 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the financial requirements of the Company. The Group needs additional funds to finance the Possible Acquisition. In view of the recent financial conditions of the Group as mentioned above and taking into consideration of the theoretical price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of independent financial adviser) consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of independent financial adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **Conditions of the Open Offer**

The Open Offer is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the lack of excess application arrangement in the Open Offer and the Whitewash Waiver by no later than the date on which the prospectus for the Open Offer is despatched;
- (b) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Set-Off of the Loan;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the date on which the prospectus for the Open Offer is despatched;

- (d) the posting of the prospectus documents for the Open Offer to the Qualifying Shareholders of the Company and the posting of the prospectus for the Open Offer and a letter in the agreed form to the Prohibited Shareholders as defined in the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the prospectus for the Open Offer is despatched.
- (e) the Executive granting the Whitewash Waiver to the Underwriter and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the date on which the prospectus for the Open Offer is despatched;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (h) compliance with and performance of all the undertakings and obligations of the Fame Select under the terms of the Underwriting Agreement and the Fame Select Undertaking; and
- (i) the entering into of the Placing Agreement by the Underwriter.

**If any of the conditions of the Open Offer are not fulfilled at or before 4:00 p.m. on Thursday, 8 November 2012 (or such later time and/or date as the Company and Fame Select may determine), neither the Company nor the Underwriter shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.**

### **Status of the Open Offer**

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus with the Overseas Letter, for information only, to the Prohibited Shareholders.



To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must not be a Prohibited Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on the Latest Lodging Date. Holders of Share Options or Warrants who wish to participate in the Open Offer should exercise their Share Options or Warrants in accordance with their respective terms no later than the Latest Lodging Date.

### **Closure of register of members**

The Company's register of members will be closed from Thursday, 18 October 2012 to Monday, 22 October 2012, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

### **Rights of Overseas Shareholders and Prohibited Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 13.36(2) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Company will disclose the results of the enquiry in the circular and/or the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders. As at the date of this announcement, there are no Prohibited Shareholders.

The Prohibited Shareholders will be entitled to vote at the EGM to consider and, if thought fit, for the resolution(s) approving, among other things, the Whitewash Waiver.

### **Fractional entitlement to the Offer Shares**

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

### **No application for excess Offer Shares**

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Board holds the view that assuming that there does not exist any Prohibited Shareholder on the Record Date and all Qualifying Shareholders take up their entitlements, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiation with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications (which are estimated to be lowered by more than HK\$500,000 to HK\$1,000,000) and the Underwriter does not charge any commission for the Offer Shares taken up by it, the Directors consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole not to offer any excess application to the Shareholders and to have the unsubscribed Offer Shares taken up by the Underwriter.

### **Share certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Thursday, 15 November 2012 by ordinary post at their own risk.

### **Application for listing of the Offer Shares on the Stock Exchange**

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 10,000 Shares per board lot.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Reasons for the Open Offer and the use of proceeds**

The Company is an investment holding company. The Group is principally engaged in the development of middle to high range residential and commercial properties in the PRC.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company will receive gross proceeds of approximately HK\$313 million. The net proceeds under the Open Offer are expected to amount to approximately HK\$240 million (after the Set Off of the Loan of approximately HK\$69 million and deducting the costs and expenses in relation to the Open Offer). The Company intends to use all the net proceeds for the Possible Acquisition. The Group is now conducting due diligence investigation on the Possible Acquisition. The total consideration for the Possible Acquisition is expected to be RMB400 million to RMB450 million. For details of the Possible Acquisition, please refer to the announcement of the Company dated 19 July 2012. If the Possible Acquisition does not proceed, the Company will use the net proceeds for other investment opportunities relevant to the principal business of the Group in the real property market. As at the date of this announcement, apart from the Possible Acquisition, no other specific investment opportunities have been identified by the Group.

The Board has considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the growth and development of the Company. Considering (i) the low trading volume of the Shares and (ii) the low monetary value per board lot, the Board is of the opinion that the trading of nil paid rights will either incur a high transaction cost for trading of small board of Shares, which is not economical, or not be active enough for the trading of a large board of Shares.

Furthermore, compared to rights issue, the absence of trading nil paid rights in the Open Offer reduces associated administrative work and costs thus requiring less time for completion.

The Board is of the opinion that as each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company, Shareholders are treated equally and fairly under the Open Offer.

As mentioned in the section headed “Proposed Open Offer – Subscription Price”, a lower subscription price was adopted so as to make the Open Offer attractive to the Qualifying Shareholders. The basis of the Open Offer was determined based on the additional funds needed by the Group for the Possible Acquisition.

The Company conducted share consolidation (the “**Share Consolidation**”) which was effective on 4 June 2012 in order to increase the trading price of the Shares since the Company did not intend to conduct the Possible Acquisition and the Open Offer at such time. After completion of the Open Offer, based on the theoretical ex-entitlement price of HK\$0.38, the trading price of the Shares will fall significantly from the trading price of HK\$1.15 on the Last Trading Day. Although the decrease in the trading price of the Shares after completion of the Open Offer would partially offset the benefits of the Share Consolidation, the Board considers that the benefits of financing the Possible Acquisition by the Open Offer and the benefits of the Possible Acquisition outweigh the negative effect of the fall in the trading price of the Shares.

Accordingly, the Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of independent financial adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

If the Open Offer is not completed, the Company may still proceed with the Possible Acquisition provided that the Company is able to obtain sufficient funding to finance the Possible Acquisition from an alternative source.

## **UNDERWRITING ARRANGEMENT**

### **Fame Select Undertaking**

Pursuant to the Underwriting Agreement, Fame Select has given the irrevocable Fame Select Undertaking in favour of the Company that (i) the 46,150,200 Shares registered in the name of and beneficially owned by Fame Select will remain registered in the name of and beneficially owned by Fame Select before the date when the announcement of the results of the Open Offer is published; (ii) Fame Select will accept its entitlements under the Open Offer for an aggregate of 276,901,200 Offer Shares; (iii) Fame Select will lodge the application form in respect of the Offer Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance; and (iv) the Underwriter shall enter into the Placing Agreement.

Save for the Fame Select Undertaking as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

### **Underwriting Agreement**

Date: 27 July 2012 (as supplemented by a supplemental agreement entered into by the parties to the Underwriting Agreement on 5 September 2012)

Underwriter: Fame Select

Fame Select is a limited liability company incorporated in the British Virgin Islands which is owned as to 50% by Mr. Chau Cheok Wa, an executive Director and the chairman of the Board and as to 50% by Mr. Cheng Ting Kong. Fame Select is principally engaged in investment holding and its ordinary course of business does not include underwriting.

Fame Select holds 46,150,200 Shares as at the date of this announcement, representing approximately 22.08% of the issued share capital of the Company.

Number of Offer Shares underwritten: Pursuant to the Underwriting Agreement, Fame Select as the underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up under the Fame Select Undertaking) which have not been taken up by the Shareholders. Accordingly, the Open Offer is fully underwritten.

Commission and expenses: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement. The Company shall pay and reimburse to the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer and the Placing Agreement including the fees payable to the Placing Agent under the Placing Agreement.

## **Termination of the Underwriting Agreement**

### **If at any time, prior to the Latest Time for Termination:**

- (1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the

financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

The Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement comes and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect.

The Underwriting Agreement contains warranties and undertakings which are usual to an underwriting agreement for an open offer and include, among others, the following:

- (1) the announcement, the circular and the Prospectus Documents in respect of the Open Offer are true and accurate without material omission and contain all particulars and information required by, and will be in accordance with the Companies Ordinance, the Listing Rules, the rules and regulations of the Stock Exchange and all other relevant statutory provisions and governmental regulations in Hong Kong and the Cayman Islands;
- (2) there will be no information not disclosed in the Prospectus Documents (a) the omission of which makes any statement therein misleading or which, in the context of the issue of the Offer Shares, might be material for disclosure therein or (b) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Offer Shares;
- (3) the audited consolidated accounts of the Group for the year ended 31 December 2011 give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Group and there has been no material adverse change in the financial or trading position of the Group since 31 December 2011;
- (4) the statements, forecasts, estimates and expressions of opinion, intention and expectation to be contained in the Announcement, the Circular or the Prospectus will at the respective dates of issue thereof be made after due and proper consideration, will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known or which on reasonable enquiry ought to have been known to the Company and/or the Directors or any of them;
- (5) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;
- (6) the Company shall not from the date hereof until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares;
- (7) the Offer Shares, when allotted and issued, will be issued free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and will rank pari passu in all respects among themselves and with the Shares then in issue on the date of allotment and issue of the Offer Shares;
- (8) the obligations of the Company under the Underwriting Agreement constitute legally valid and binding obligations of the Company enforceable in accordance with the terms herein;

- (9) except for the Share Options and the Warrants of the Company in issue as at the date hereof, no unissued share capital of any member of the Group is under any option or agreed conditionally or unconditionally to be put under any option and no person has an outstanding warrant, pre-emptive right or any other right of any description to require shares to be allotted or issued by any member of the Group; and
- (10) the Company will promptly provide the Underwriter, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group as may be required by the Underwriter in connection with the Open Offer for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the Securities and Futures Commission or any other applicable regulatory body.

**If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.**

#### **CONNECTED TRANSACTION: SET-OFF OF THE LOAN**

As at the date of this application, the Company is indebted to Fame Select the Loan in the principal sum of HK\$248,300,000. The Loan is unsecured, repayable on demand and bearing an interest at 2% per annum.

Pursuant to the Underwriting Agreement, Fame Select and the Company have agreed that the aggregate Subscription Price required to be paid by Fame Select for the 276,901,200 Offer Shares to be subscribed by it under the Fame Select Undertaking will be paid by way of the Set Off of HK\$69,225,300 against the Loan.

Completion of the Set Off shall take place simultaneously with the issue of the Offer Shares by the Company pursuant to the terms of the Open Offer.

#### **Reason for the Set Off**

The Directors consider that the Set Off will enable the Group to repay part of the liabilities of the Company without cash outflow and will allow the Group to reduce its gearing level. The Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of independent financial adviser) accordingly consider that the Set Off is in the interests of the Company and the Independent Shareholders as a whole.

#### **Implications under Listing Rules**

Since Fame Select is a substantial Shareholder, the Set Off constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.



## **WARNING OF THE RISK OF DEALING IN SHARES**

**The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.**

**Shareholders should note that Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 16 October 2012 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled, will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.**

## **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

To ensure that immediately upon closing of the Open Offer, the Shares held in the public hands will not be less than 25% of the Company's entire issued share capital, on 27 July 2012, the Underwriter has entered into the Placing Agreement (as supplemented on 5 September 2012) with the Placing Agent, who acts as the placing agent for the Underwriter, on a fully underwritten basis, to place up to 254,636,303 Underwritten Shares taken up by the Underwriter to other investors who are independent of the directors, the chief executives, the controlling shareholders and the substantial shareholders of the Underwriter and the Company and their respective subsidiaries and associates and concert parties on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer to the extent that at least 25% of the entire issued share capital of the Company will be held by the public.

As at the date of this announcement, UK First Orient Investment Limited ("UK First Orient") and Aimsrich Development Limited ("Aimsrich") have undertaken to the Placing Agent in writing to take up to 127,318,152 placing Shares and 127,318,151 placing Shares respectively at the placing price of HK\$0.25.

Aimsrich Development Limited and UK First Orient Investment Limited and their respective ultimate beneficial owners are third parties independent of the directors, the chief executives, the controlling shareholders and the substantial shareholders of the Underwriter and the Company and their respective subsidiaries and associates and concert parties.

## PLACING AGREEMENT

Date: 27 July 2012 (as supplemented by a supplemental agreement entered into by the parties to the Placing Agreement on 5 September 2012)

Vendor: Fame Select

Placing Agent: SBI E2-Capital Financial Services Ltd.

The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Number of placing Shares: up to 254,636,303 Underwritten Shares taken up by the Underwriter to the extent that at least 25% of the issued share capital of the Company will be held by the public.

As at the date of this announcement, Green Auspice Limited is a substantial Shareholder and holds 21,653,663 Shares, representing approximately 10.36% of the issued share capital of the Company. Green Auspice Limited does not hold any Share Options and Warrants. As Green Auspice Limited is a substantial Shareholder, it is not counted as a public Shareholder in determination of the public float of the Company. If more than 7,505,955 Shares were issued pursuant to the partial exercise of the Share Options and Warrants by their holders, the shareholding of Green Auspice Limited would fall below 10% and no longer be a substantial Shareholder. In such event, the Shares held by Green Auspice Limited would be counted as Shares held by the public in determination of the public float of the Company and accordingly, the maximum number of the placing Shares required to be placed by the Placing Agent would be reduced by such number of Shares held by Green Auspice Limited.

In order to determine the maximum number of the placing Shares required to be placed by the Placing Agent such that at least 25% of the issued share capital of the Company will be held by the public, an assumption that only 7,505,955 Shares have been issued pursuant to the partial exercise of the Share Options and Warrants by their holders is made such that Green Auspice Limited would still hold more than 10 percent of the issued share capital of the Company and remain a substantial Shareholder and not be counted as a public Shareholder.

Placees:	placees independent of and not acting in concert with the directors, chief executive, controlling shareholders, and substantial shareholders of the Company and the Underwriter and their respective subsidiaries and associates and concert parties and other placees. Upon completion of the Placing, none of the placees and parties acting in concert with any one of them will become a substantial Shareholder of the Company.
Placing price:	HK\$0.25 per placing share which is equal to the Subscription Price
Commission:	1% of the placing shares actually placed by the Placing Agent subject to a minimum commission of HK\$10,000.
Conditions:	<p>The placing is conditional upon</p> <ul style="list-style-type: none"> <li>(i) completion of the Open Offer;</li> <li>(ii) less than 25% of the issued share capital of the Company being held by the public upon completion of the Open Offer; and</li> <li>(iii) all necessary consents and approvals to be obtained on the part of Placing Agent and Fame Select in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.</li> </ul> <p>In the event the above conditions is not fulfilled by 30 November 2012 (or such later date as may be agreed by the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and neither of the parties shall have any claim against the others in respect of the placing save for any antecedent breach.</p>
Completion:	Completion of the placing under the Placing Agreement shall take place on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer.

## CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer (for illustration purpose only):

Name of Shareholder	As at the date of this announcement		Immediately after the completion of the Open Offer assuming that all Shareholders have fully subscribed for their entitlements under the Open Offer and no Share Options and Warrants have been exercised		Immediately after the completion of the Open Offer but before the completion of the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and no Share Options and Warrants have been exercised <sup>4</sup>		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and no Share Options and Warrants have been exercised <sup>4</sup>		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select and all Share Options and Warrants have been exercised <sup>4</sup>		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select, Magicmount Holdings Limited and Green Auspice Limited and 7,505,955 Shares have been issued pursuant to the partial exercise of the Share Options and Warrants		Immediately after the completion of the Open Offer and the Placing assuming that no Shareholders subscribed for their entitlements under the Open Offer except for Fame Select, Magicmount Holdings Limited and Green Auspice Limited and all Share Options and Warrants have been exercised <sup>5</sup>	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
<b>Substantial Shareholders:</b>														
Fame Select <sup>1</sup>	46,150,200	22.08%	323,051,400	22.08%	1,300,334,250	88.87%	1,097,411,043	75.00%	1,155,158,828	75.00%	814,231,897	53.72%	984,149,059	63.90%
Magicmount Holdings Limited <sup>2</sup>	24,429,967	11.69%	171,009,769	11.69%	24,429,967	1.67%	24,429,967	1.67%	24,429,967	1.59%	171,009,769	11.28%	171,009,769	11.10%
Green Auspice Limited <sup>3</sup>	21,653,663	10.36%	151,575,641	10.36%	21,653,663	1.48%	21,653,663	1.48%	21,653,663	1.41%	151,575,641	10.00%	151,575,641	9.84%
<b>Sub-total:</b>	<b>92,233,830</b>	<b>44.13%</b>	<b>645,636,810</b>	<b>44.13%</b>	<b>1,346,417,880</b>	<b>92.02%</b>	<b>1,143,494,673</b>	<b>78.15%</b>	<b>1,201,242,458</b>	<b>78.00%</b>	<b>1,136,817,307</b>	<b>75.00%</b>	<b>1,306,734,469</b>	<b>84.84%</b>
<b>Public Shareholders:</b>														
Public Shareholders	116,796,845	55.87%	817,577,915	55.87%	116,796,845	7.98%	116,796,845	7.98%	116,796,845	7.58%	116,796,845	7.70%	116,796,845	7.58%
Holders of the Share Options and the Warrants	-	-	-	-	-	-	-	-	10,999,578	0.72%	7,505,955	0.50%	10,999,578	0.72%
UK First Orient	-	-	-	-	-	-	101,461,604	6.94%	105,586,445	6.85%	127,318,152	8.40%	52,840,440	3.43%
Aimsrich	-	-	-	-	-	-	101,461,603	6.93%	105,586,445	6.85%	127,318,151	8.40%	52,840,439	3.43%
<b>Total:</b>	<b>209,030,675</b>	<b>100.00%</b>	<b>1,463,214,725</b>	<b>100.00%</b>	<b>1,463,214,725</b>	<b>100.00%</b>	<b>1,463,214,725</b>	<b>100.00%</b>	<b>1,540,211,771</b>	<b>100.00%</b>	<b>1,515,756,410</b>	<b>100.00%</b>	<b>1,540,211,771</b>	<b>100.00%</b>

### Notes:

- Fame Select is owned as to 50% by Mr. Chau Cheok Wa, an executive Director and the chairman of the Board and as to 50% by Mr. Cheung Ting Kong.
- Magicmount Holdings Limited is wholly owned by Mr. Kwan Tat Ming.
- Green Auspice Limited is wholly owned by Ms. So Sok Ngo.
- In these scenarios, Magicmount Holdings Limited and Green Auspice Limited would be counted as public Shareholders. Together with the share capital held by Magicmount Holdings Limited and Green Auspice Limited, at least 25% of the issued share capital of the Company would be held by the public.
- In this scenario, Green Auspice Limited would be counted as a public shareholder. Together with the share capital held by Green Auspice Limited, at least 25% of the issued share capital of the Company would be held by the public.

## EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that the Whitewash Waiver and the Set Off will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Despatch of Company's circular with notice of EGM . . . . . Monday, 24 September 2012

Latest time for lodging forms of proxy for the purpose of the EGM . . . . . 11:00 a.m. on  
Wednesday, 10 October 2012

EGM . . . . . 11:00 a.m. on  
Friday, 12 October 2012

Announcement of results of EGM to be published  
on the Stock Exchange website . . . . . Friday, 12 October 2012

Last day of dealings in Shares on a cum-entitlement basis. . . . . Monday, 15 October 2012

First day of dealings in Shares on an ex-entitlement basis. . . . . Tuesday, 16 October 2012

Latest time for lodging transfer of Shares in order to be  
qualified for the Open Offer . . . . . 4:30 p.m. on  
Wednesday, 17 October 2012

Register of members of the Company closed  
(both dates inclusive) . . . . . Thursday, 18 October 2012 to  
Monday, 22 October 2012 (both dates inclusive)

Record Date . . . . . Monday, 22 October 2012

Register of members of the Company re-opens . . . . . Wednesday, 24 October 2012

Despatch of the Prospectus Documents  
(in case of the Prohibited Shareholders, the Prospectus only) . . . . . Wednesday, 24 October 2012

Latest time for acceptance of, and payment of Offer Shares . . . . . 4:00 p.m. on  
Wednesday, 7 November 2012

Latest time for the Open Offer to become unconditional  
(being the Latest Time for Termination) . . . . . 4:00 p.m. on  
Thursday, 8 November 2012

Announcement of results of acceptance of the Offer Shares to be published on the Stock Exchange .....	On or before Wednesday, 14 November 2012
Despatch of share certificates for Offer Shares .....	On or before Thursday, 15 November 2012
Dealings in Offer Shares commence .....	9:00 a.m. on Friday, 16 November 2012
Effective date of change in board lot size from 1,000 Shares to 10,000 Shares. ....	Friday, 16 November 2012
Designated broker starts to stand in the market to provide matching services for odd lot of Shares .....	9:00 a.m. on Friday, 16 November 2012
Last day for the designated broker to stand in the market to provide matching services for odd lot of Shares .....	4:00p.m. on Friday, 7 December 2012

**EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 7 November 2012. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

## ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE WARRANTS

As at the date of this announcement, the Company has 2,899,578 outstanding Share Options and 8,100,000 outstanding Warrants which in aggregate entitle holders thereof to subscribe for 10,999,578 Shares.

Subject to the confirmation of the auditors of the Company, the issue of the Offer Shares may cause adjustments to the exercise price and number of the Share Options and the Warrants. The Company will instruct its auditors to review and certify the basis of such adjustments as soon as possible. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

## FUNDS RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has performed the following fund raising activities in the past twelve months from the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
20 January 2012	Issue of convertible notes in the principal amount of HK\$30 million	Approximately HK\$29 million	General working capital of the Group	HK\$29 million has been used for settlement of construction cost of outstanding projects
22 November 2011	Issue of 615,335,692 new shares of HK\$0.01 each at HK\$0.1 per share under an open offer on the basis of one offer share for every two shares held on the record date	Approximately HK\$60.62 million	Approximately HK\$20.62 million for working capital of the Group for the daily operation of the Group's business and approximately HK\$40.00 million for settlement of outstanding projects construction cost	HK\$20 million has been used to repay shareholder's loan and the remaining HK\$40.62 million has been used for settlement of construction cost of outstanding projects

Save as disclosed above, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

## APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter, together with its beneficial owners (namely Mr. Chau Cheok Wa and Mr. Cheng Ting Kong) and parties acting in concert with any one of them are beneficially interested in 46,150,200 Shares, representing approximately 22.08% of the issued share capital of the Company.

Assuming that no Shareholders have taken up any Offer Shares and there has been no exercise of the Options and the Warrants, upon completion of the Open Offer, the taking up of (i) the Offer Shares to which Fame Select is entitled under the Open Offer, and (ii) the Underwritten Shares would result in the aggregate shareholding of the Underwriter and its concert parties in the Company being increased from approximately 22.08% to approximately 88.87% and would therefore give rise to a mandatory offer obligation on the part of the Underwriter and its concert parties under Rule 26 of the Takeovers Code unless the Whitewash Waiver is obtained.

Save for the Underwriting Agreement and the Placing Agreement, the Underwriter, its beneficial owners and the parties acting in concert with any one of them have not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company in the six months prior to the date of this announcement.

As at the date of this announcement, other than (i) 46,150,200 Shares beneficially owned by the Underwriter, its beneficial owners and parties acting in concert with any one of them and (ii) the transactions contemplated under the Underwriting Agreement, the Underwriter, its beneficial owners and parties acting in concert with any one of them do not hold any other shareholding interests, or control the right of direction or hold any convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which the Underwriter, its beneficial owners and the parties acting in concert with any one of them will abstain from voting on the relevant resolution(s). It is a condition precedent to the completion of the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

The Directors (other than the independent non-executive Directors) believe that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The independent non-executive Directors of the Company will first take into consideration of the advices of the independent financial adviser before making recommendation as to the fairness and reasonableness of the Whitewash Waiver.



## **CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 1,000 Shares each and the market value of each board lot is HK\$1,150 (based on the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day) and HK\$380 (based on the theoretical ex-entitlement price of HK\$0.38 per Share calculated based on the closing price of HK\$1.15 per Share on the Last Trading Day and the Subscription Price of HK\$0.25 per Offer Share). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 1,000 Shares to 10,000 Shares with effect from Friday, 16 November 2012 which is conditional upon completion of the Open Offer. Completion of the Open Offer is not conditional upon the change in board lot size. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed the Placing Agent as an agent to provide matching services to Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Friday, 16 November 2012 to Friday, 7 December 2012 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. David Yam or Mr. Tim Yeung of SBI E2-Capital Financial Service Ltd. at Unit A2, 32/F., United Centre, 95 Queensway, Hong Kong (telephone: (852) 2533 3791 (Mr. David Yam) or (852) 2533 9869 (Mr. Tim Yeung) and facsimile: (852) 2533 9840) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

The appointed agent, SBI E2-Capital Financial Services Ltd., is an independent third party not connected with any of the directors, chief executive, or substantial shareholders of the Company or any of its subsidiaries or their respective associates. All existing share certificates in board lot of 1,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 1,000 Shares to new share certificates in board lot size of 10,000 Shares is necessary. With effect from Friday, 16 November 2012, any new certificate of the Shares will be issued in new board lot size of 10,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of shares will have the same format and colour as the existing certificates of Shares.

## **LISTING RULES IMPLICATIONS**

Since the Open Offer will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is conditional on approval by the Independent Shareholders at the EGM by way of poll, and any Controlling Shareholders and their associates shall abstain from voting in favour of the relevant resolution at EGM or, where there are no such 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 resolutions at the EGM.

The absence of excess application and the alternative arrangement for the disposal of the Offer Shares not taken up under the Open Offer shall be specifically approved by the Independent Shareholders at the EGM by way of poll for the purpose of compliance with Rule 7.21 of the Listing Rules.

As at the date of this announcement, Fame Select and its concert parties in aggregate hold approximately 22.08% of the issued share capital of the Company and therefore Fame Select is a connected person of the Company. The Set Off as contemplated under the Underwriting Agreement therefore constitutes connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Set Off is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the EGM under the Listing Rules.

As Fame Select, being an associate of Mr. Chau and the Underwriter to the Open Offer, is deemed to have a material interest in the Open Offer and the Set Off, Fame Select and its concert parties and those who are involved in or interested in the Open Offer, the Whitewash Waiver and the Set Off will abstain from voting in respect of 46,150,200 Shares held by Fame Select on the respective resolutions at the EGM for approving the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the Whitewash Waiver, the Set Off and the absence of excess application arrangement under the Open Offer. The voting at the EGM will be taken by way of poll.

## **GENERAL**

The Company will establish an independent board committee, which comprises all independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement, the Whitewash Waiver and the Set Off are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Set Off are in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement, the Whitewash Waiver and the Set Off are fair and reasonable and whether the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Set Off are in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Further announcement will be made by the Company when the independent financial adviser is appointed.

A circular including, among other things, details of (i) the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off; (ii) the recommendation of the independent board committee in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off together with (iv) a notice convening the EGM will be despatched to the Shareholders on or before Monday, 24 September 2012 in compliance with Rule 8.2 of the Takeovers Code.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

#### **ADDITIONAL DISCLOSURE OF INTERESTS**

As at the date of this announcement, no persons have irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Open Offer, the Whitewash Waiver and the Set Off.

As at the date of this announcement, no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Underwriter and which might be material to the transactions contemplated under the Underwriting Agreement, the Open Offer, the Set Off or the Whitewash Waiver.

As at the date of this announcement, save for the Underwriting Agreement, the Fame Select Undertaking and the Placing Agreement, there is no agreement, arrangement or undertaking which is conditional or dependent on completion of or otherwise connected with the Open Offer (including the absence of excess application arrangement under the Open Offer), the Whitewash Waiver and the Set Off.

As at the date of this announcement, other than the Underwriting Agreement and the Placing Agreement, there are no agreements or arrangements to which the Underwriter or any of its associates is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer, the Set Off and the transactions contemplated under the Underwriting Agreement and the Whitewash Waiver.

As at the date of this announcement, no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company have been borrowed or lent by the Underwriter or any parties acting in concert with it.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 30 July 2012 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 6 September 2012.

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Chairman”	the chairman of the Board
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Controlling Shareholder”	has the same meaning ascribed to it in the Listing Rules
“Fame Select” or “Underwriter”	Fame Select Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Chau Cheek Wa, an executive Director and the chairman of the Board, and as to 50% by Mr. Cheng Ting Kong
“Fame Select Undertaking”	the irrevocable undertaking given by Fame Select pursuant to the Underwriting Agreement
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Open Offer (including the absence of excess application arrangement under the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off)
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Executive”	Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Fame Select, its beneficial owners and parties acting in concert with any of them and those who are involved in or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off who are required by the Listing Rules and/or the Takeovers Code to abstain from voting in respect of the resolution(s) relating to the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Set Off to approve the resolutions at the EGM
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 7 November 2012 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of provisional allotments under the Open Offer
“Latest Lodging Date”	4:30 p.m. on Wednesday, 17 October 2012 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares and/or exercising the Share Options or Warrants in order to be qualified for the Open Offer
“Latest Time for Termination”	4:00 p.m. on the Business Day after the Latest Time for Acceptance or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Last Trading Date”	27 July 2012, being the last trading day of the Shares prior to the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in the principal sum of approximately HK\$248,300,000 as at the date of this announcement owed by the Company to Fame Select
“Mr. Chau”	Mr. Chau Cheok Wa, an executive Director and the chairman of the Board
“Open Offer”	the proposed issue of Offer Shares on the basis of six (6) Offer Shares for every one (1) Share to Qualifying Shareholders by way of rights or to holders of Offer Shares at the Subscription Price, pursuant to the terms and conditions of the Underwriting Agreement
“Offer Share(s)”	not less than 1,254,184,050 Shares and not more than 1,320,181,518 Shares to be allotted and issued pursuant to Open Offer
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is(are) outside Hong Kong
“Placing Agent”	SBI E2-Capital Financial Services Ltd., a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 27 July 2012 (as supplemented on 5 September 2012) and entered into between the Underwriter and the Placing Agent in respect of placing of up to 254,636,303 Underwritten Shares taken up by the Underwriter on the date of completion of the Open Offer after completion of the Open Offer but before the opening of the morning trading session on the next Business Day following the date of completion of the Open Offer to the extent that at least 25% of the entire issued share capital of the Company will be held by the public
“Possible Acquisition”	the possible acquisition of the entire equity interest in 安徽龍升房地產開發有限責任公司 (Anhui Longsheng Property Development Company Limited#), a limited liability company established in the PRC and ultimately and beneficially owned by Mr. Zhang Ming, by the Company or a party designated by the Company, details of which are disclosed in the announcement of the Company dated 19 July 2012

“Prohibited Shareholders”	such Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“Prospectus Posting Date”	Wednesday, 24 October 2012 or such later date as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 22 October 2012, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“Set Off”	the set off of the Subscription Price for the Offer Shares to which Fame Select is entitled under the Open Offer
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.25 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Underwriting Agreement”	the underwriting agreement dated 27 July 2012 (as supplemented on 5 September 2012) entered into among the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	not less than 977,282,850 Offer Shares and not more than 1,043,280,318 Offer Shares underwritten by Fame Select as the Underwriter under the Underwriting Agreement
“Warrants”	8,100,000 outstanding warrants which entitle holders thereof to subscribe for 8,100,000 shares
“Whitewash Waiver”	the whitewash waiver from the obligation of the Underwriter and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the underwriting of the Offer Shares under the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“%”	per cent

# The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

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

Hong Kong, 5 September 2012

*As at the date of this announcement, the executive Directors are Mr. CHAU Cheok Wa, Ms. YEUNG So Mui, Ms. CHENG Mei Ching, 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

\* *For identification purposes only*