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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)**

### **VOLUNTARY ANNOUNCEMENT IN RELATION TO THE LOAN**

The Board is pleased to announce that Shenzhen Zirui (as borrower), an indirect wholly-owned subsidiary of the Company, and AVIC Trust (as lender) entered into the Loan Agreement on 18 June 2014 pursuant to which AVIC Trust agreed to provide the Loan to Shenzhen Zirui.

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#### **THE LOAN**

Summarised below are the principal terms of the Loan:

Borrower: Shenzhen Zirui, an indirect wholly-owned subsidiary of the Company

Lender: AVIC Trust

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, AVIC Trust, is a third party independent of the Company and its connected person(s)

\* *For identification purposes only*

Loan amount	RMB878,110,000 (equivalent to approximately HK\$1,088,856,400) divided into following tranches:  Tranche A: RMB380,000,000 Tranche B: RMB300,000,000 Tranche C: RMB198,110,000
Term:	Tranche A: 12 months from the date of drawdown Tranche B: 18 months from the date of drawdown Tranche C: 24 months from the date of drawdown
Interest rate:	14% per annum, payable in arrears on 20 March, 20 June, 20 September and 20 December each year.
Security and guarantee:	The Loan is secured by the following security and guarantee:  (i) Shenzhen Zirui shall pledge the Charged Properties in favour of AVIC Trust as collateral for the Loan;  (ii) Sun Century Property shall guarantee all the liabilities of Shenzhen Zirui under the Loan Agreement;  (iii) 91% of the equity interest in Shenzhen Zirui shall be pledged to AVIC Trust as security for due and punctual performance and observance of the contractual obligations of Shenzhen Zirui under the Loan Agreement; and  (iv) 9% of the equity interest in Shenzhen Zirui shall be transferred by Sun Century Property to AVIC Trust at a consideration of RMB1,890,000 (equivalent to approximately HK\$2,343,600), which will be transferred back to Sun Century Property at the same consideration after Shenzhen Zirui has repaid the Loan and interest and discharged all of its obligations under the Loan Agreement. AVIC Trust has granted a first right of refusal to Sun Century Property in respect of such 9% equity interest in Shenzhen Zirui and the fee for such first right of refusal payable quarterly by Sun Century Property is as follows:

Amount of the fee = RMB1,890,000 x 14% x number of days elapsed/365

Shenzhen Zirui will continue to be accounted as an indirect wholly-owned subsidiary of the Company after the transfer of 9% of its equity interest to AVIC Trust as security.

(v) Shenzhen Zirui shall guarantee the obligations of Sun Century Property under (iv) above.

Early repayment:

Subject to the terms of the Loan Agreement, Shenzhen Zirui can at any time 12 months after the date of the drawdown but prior to the maturity date repay Tranche B and/or Tranche C of the Loan and the accrued interest.

Restrictions on use of the Loan and the proceeds from the sales of the properties of the Project:

The Loan will be deposited into a designated account and shall be used for improvement of the financial position of Shenzhen Zirui. Shenzhen Zirui shall not use the Loan for fixed assets or equity investment, production or operation prohibited by the State and investment in valuable securities, futures or financial derivatives.

50% of the proceeds from the sales of the properties of the Project will be deposited into a designated account as security for the repayment by Shenzhen Zirui under the Loan Agreement. The remaining 50% of the sales proceeds will be deposited into another designated account supervised by AVIC Trust. The funds deposited into such designated account shall be used for the following purposes and prior written consent of AVIC Trust shall be obtained:

- (i) repaying the amount due to AVIC Trust;
- (ii) payment of the construction expenses for the Project;
- (iii) sales expenses, management expenses and other related expenses;
- (iv) payment of taxes; and
- (v) other contingency expenses.

Corporate governance:

AVIC Trust shall have the right to nominate a director to the board of Shenzhen Zirui. The following matters require unanimous consent of all directors of Shenzhen Zirui (including the director nominated by AVIC Trust):

- (i) amendments to the articles of Shenzhen Zirui;
- (ii) termination, dissolution and change of shareholders of Shenzhen Zirui;
- (iii) conducting any external investment or granting of guarantee to an external party; and
- (iv) change in the registered capital and shareholding structure of Shenzhen Zirui.

A deputy financial controller of Shenzhen Zirui will be appointed with the unanimous consent of all directors of Shenzhen Zirui (including the director nominated by AVIC Trust). The deputy financial controller of Shenzhen Zirui shall be responsible for supervising the use of funds and the seals and chops of Shenzhen Zirui.

## **REASONS FOR AND THE BENEFITS OF THE LOAN**

The Group is principally engaged in the development of middle to high range residential and commercial properties in the PRC. The borrowing of the Loan can strengthen the Group's financial position and liquidity for the business development of the Group and will be used for repayment of borrowings, payment of construction cost and working capital.

The interest rate and the terms of the Loan were determined after arm's length negotiations between Shenzhen Zirui and AVIC Trust with reference to normal market rate of the borrowing for the property developer with similar size in PRC. The Directors are of the view that the terms of the Loan Agreement and the Loan are fair and reasonable and the borrowing of the Loan is in the interests of the Company and the Shareholders as a whole.

## DEFINITIONS

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

“AVIC Trust”	中航信托服務有限公司 (China Aviation Trust Services Company Limited <sup>#</sup> ), a company established in the PRC with limited liability
“Board”	the board of Directors
“Charged Properties”	the properties named as Le Paysage situated at the border land between Luohu district and Longgang district, Shenzhen City, the PRC
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Loan”	the secured loan in the principal amount of RMB878,110,000 bearing interest at the rate of 14% per annum
“Loan Agreement”	Loan agreement dated 18 June 2014 and entered into between Shenzhen Zirui as borrower and AVIC Trust as lender
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	the property development project situated at the border land between Luohu district and Longgang district, Shenzhen City, the PRC including the Charged Properties
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Zirui”	深圳市紫瑞房地產開發有限公司(Shenzhen Zirui Real Estate Development Limited <sup>#</sup> ), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Sun Century Property”	太陽世紀地產集團有限公司 (Sun Century Property Group Company Limited <sup>#</sup> ), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche A”	Tranche A of the Loan in the amount of RMB380,000,000
“Tranche B”	Tranche B of the Loan in the amount of RMB300,000,000
“Tranche C”	Tranche C of the Loan in the amount of RMB198,110,000
“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, 18 June 2014

*As at the date of this announcement, the executive Directors are Mr. Chua 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, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.*

*For illustration purpose only, amount denominated in RMB have been converted into HK\$ at a rate of RMB1 = HK\$1.24.*

*# The English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency between the English translations and the Chinese names, the Chinese names shall prevail.*