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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) CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION
OF SUNCITY GROUP TOURISM LIMITED;
AND
(2) UPDATES ON BUSINESS DEVELOPMENT
AND POSSIBLE FUND RAISING**

THE ACQUISITION

The Board is pleased to announce that on 14 July 2016, the Purchasers, being wholly-owned subsidiaries of the Company, entered into the Agreement with the Vendors, pursuant to which (i) the Purchasers have agreed to acquire, and the Vendors have agreed to sell, the Sale Shares at the consideration of MOP1,500,000 (equivalent to approximately HK\$1,500,000); and (ii) the Purchasers have agreed to accept, and the Vendors have agreed to assign and/or procure their associates to assign, the Sale Loan on a dollar-for-dollar basis at Completion.

As advised by the Vendors and as at the date of the Agreement, Suncity Group Tourism was indebted to an associate of Mr. Chau, being one of the Vendors, a total sum of approximately MOP6,480,209 (equivalent to approximately HK\$6,480,209) as interest-free loan. The Vendors have warranted that the maximum amount of the Sale Loan as at the date of Completion will not be more than MOP8,000,000 (equivalent to approximately HK\$8,000,000).

Mr. Chau is the Chairman and an executive Director of the Company, and the Controlling Shareholder interested in approximately 57.31% of the issued share capital of the Company as at the date of this announcement. Ms. Chau is the sister of Mr. Chau. Therefore, the Vendors are connected persons of the Company. By virtue of the Vendors' interest in the Agreement, the transactions contemplated under the Agreement (i.e. the Acquisition) constitute connected transactions of the Company. Having considered the maximum amount of the Sale Loan warranted by the Vendors, the applicable percentage ratios under Chapter 14A of the Listing Rules for the Acquisition are less than 25% and the total consideration is less than HK\$10,000,000. Accordingly, the Acquisition contemplated under the Agreement constitutes a de minimis transaction under Rule 14A.76 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement.

Except that Mr. Chau has abstained from voting on the relevant Board resolutions of the Company, none of the Directors has any material interest in the Acquisition and is required to abstain from voting on the Board resolutions approving the Agreement and the transactions contemplated thereunder.

It is expected that Suncity Group Tourism may, during its ordinary and usual course of business, cooperate with other entities which provide, among others, sourcing of hotel rooms or limousine services in which Mr. Chau has beneficial interest. These transactions may potentially constitute connected transactions and/or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will, upon Completion, monitor the operation and the amounts of these transactions and comply with the requirements of the Listing Rules as and when appropriate.

UPDATES ON BUSINESS DEVELOPMENT AND POSSIBLE FUND RAISING

The Board wishes to update the Shareholders that, in addition to the diversification to the tourism-related service business in Macau through the Acquisition, the Group intends to further expand its planned tourism-related business to other countries in the Asian market such as Vietnam and South Korea. By integrating with its current hotel consultancy service business, the Group plans to provide consultancy, advisory and technical services for large scale resorts and/or gaming and entertainment facilities in places with rapid growth in the tourism industry. The services will include work relating to the building, equipping and fitting-out of resorts and/or gaming and entertainment facilities and the preparation and organisation of their marketing activities. The Company has been in the process of setting up subsidiaries in association with its expansion plan.

Based on the latest published financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2015, the Group had total bank and other borrowings of approximately RMB2,038.3 million as at 31 December 2015, of which loans in an aggregate amount of approximately RMB1,558.3 million would be due in 2016. In view of the need for repayment of the loans to be due and in order to improve the Group's gearing ratio, the Group is contemplating a possible fund raising exercise to repay part of the outstanding bank and other borrowings. The Group is also considering deploying part of the proceeds to be raised from the possible fund raising exercise for the abovementioned business development plans. As at the date of this announcement, other than the Agreement, no definitive agreement has been entered into in relation to any future development plan of the Group or any fund-raising activity. The Company will make further announcement(s) in accordance with the requirements of the Listing Rules as and when appropriate.

The Board is pleased to announce that on 14 July 2016, the Purchasers, being wholly-owned subsidiaries of the Company, entered into the Agreement with the Vendors, pursuant to which (i) the Purchasers have agreed to acquire, and the Vendors have agreed to sell, the Sale Shares at the consideration of MOP1,500,000 (equivalent to approximately HK\$1,500,000); and (ii) the Purchasers have agreed to accept, and the Vendors have agreed to assign and/or procure their associates to assign, the Sale Loan on a dollar-for-dollar basis at Completion.

THE AGREEMENT

Principal terms of the Agreement are set out below:

Date: 14 July 2016

Purchasers: (i) Kingdom Rich Holdings Limited, a wholly-owned subsidiary of the Company, being one of the Purchasers; and
(ii) Jumpers Action Limited, a wholly-owned subsidiary of the Company, being one of the Purchasers

Vendors: (i) Mr. Chau Cheok Wa (i.e. Mr. Chau), being one of the Vendors; and
(ii) Ms. Chau Sui Heng (i.e. Ms. Chau), being one of the Vendors

Mr. Chau is the Chairman and an executive Director of the Company, and the Controlling Shareholder interested in approximately 57.31% of the issued share capital of the Company as at the date of this announcement. Ms. Chau is the sister of Mr. Chau. Accordingly, the Vendors are connected persons of the Company.

Assets to be acquired

The following is to be acquired under the Agreement:

- (i) the Sale Shares, representing the entire issued share capital of Suncity Group Tourism; and
- (ii) the Sale Loan, representing all outstanding amounts owing by Suncity Group Tourism to the Vendors and/or their associates as at the date of Completion.

As advised by the Vendors and as at the date of the Agreement, Suncity Group Tourism was indebted to an associate of Mr. Chau, being one of the Vendors, a total sum of approximately MOP6,480,209 (equivalent to approximately HK\$6,480,209) as interest-free loan. The Vendors have warranted that the maximum amount of the Sale Loan as at the date of Completion will not be more than MOP8,000,000 (equivalent to approximately HK\$8,000,000).

Upon Completion, Suncity Group Tourism will become an indirect wholly-owned subsidiary of the Company and the financial results of Suncity Group Tourism will be consolidated into the Group.

Consideration

The consideration for the Sale Shares is MOP1,500,000 (equivalent to approximately HK\$1,500,000) and the Sale Loan will be assigned on a dollar-for-dollar basis at Completion. The aggregate consideration was arrived at after arm's length negotiation between the Purchasers and the Vendors with reference to the share capital injected by the Vendors in incorporating Suncity Group Tourism and the amount of the Sale Loan as at the date of the Agreement, and shall be payable by the Purchasers to the Vendors at Completion by cashier's orders issued by a Macau licensed bank, or other means as agreed by the Purchasers and the Vendors.

Conditions precedent

Completion is subject to and conditional upon the fulfilment of the following conditions precedent:

- (i) the Purchasers having satisfied with the results of the due diligence to be conducted on Suncity Group Tourism in respect of its assets, liabilities, business and operations;
- (ii) the obtaining of a Macau legal opinion (in the form and substance satisfactory to the Purchasers) issued by a Macau legal adviser appointed by the Purchasers in relation to the transactions contemplated under the Agreement;
- (iii) if necessary, the Vendors having obtained all necessary consents, approvals and authorisations in relation to the sale and purchase of the Sale Shares and the Sale Loan;

- (iv) the Vendors having obtained the approval of Suncity Group Tourism and its shareholders in relation to the Acquisition and agreed to forfeit the pre-emptive rights;
- (v) if necessary, the Purchasers having obtained all necessary consents, approvals and authorisations in relation to the sale and purchase of the Sale Shares and the Sale Loan; and
- (vi) there being no events, facts or circumstances which constitute or may constitute any possible breach to the Vendors' warranties or provisions relating to the Vendors under the Agreement.

In the event that any of the aforesaid conditions is not satisfied on or before 31 August 2016 (or any other date as the parties to the Agreement may agree in writing), the Agreement shall cease and determine. In such case, no obligations and liabilities shall be borne by any one of the parties thereto, other than the obligations and liabilities arising from any breach happened before the termination of the Agreement.

Completion

All transactions contemplated under the Agreement must be completed simultaneously and must not be separated.

Subject to the fulfilment of the conditions of the Agreement, as set out in the paragraph headed "Conditions precedent" above, Completion shall take place on the day when the aforesaid conditions are fulfilled (or such other date as the parties to the Agreement may agree in writing).

INFORMATION ON SUNCITY GROUP TOURISM

Suncity Group Tourism was incorporated in Macau on 13 January 2014 with limited liability. Its share capital amounts to MOP1,500,000 and is divided into two quotas, as to one quota with nominal value of MOP1,499,000, representing approximately 99.93% of the issued share capital, held by Mr. Chau; and as to another quota with nominal value of MOP1,000, representing approximately 0.07% of the issued share capital, held by Ms. Chau, as at the date of this announcement.

Suncity Group Tourism is principally engaged in the provision of travel-related products and services. Since its incorporation, Suncity Group Tourism had been applying for the travel agency license from the Macau Government Tourist Office and a valid license was granted on 17 December 2015. Suncity Group Tourism is negotiating with several tourism-related service providers who are Independent Third Parties on the entering into of certain service agreements for services including, among others, supply of ferry tickets, provision of helicopter services and agency accounts for accessing the helicopter online booking system, as well as provision of VIP check-in services at airport.

Set out below is the unaudited financial information of Suncity Group Tourism based on its unaudited management accounts for the period since the incorporation date of Suncity Group Tourism on 13 January 2014 up to 31 December 2014 and the year ended 31 December 2015:

	Since the incorporation date of Suncity Group Tourism on 13 January 2014 up to 31 December 2014 <i>MOP</i>	For the year ended 31 December 2015 <i>MOP</i>
Revenue	–	–
Loss before tax	–	(291,024)
Loss after tax	–	(291,024)
	As at 31 December 2014 <i>MOP</i>	As at 31 December 2015 <i>MOP</i>
Total assets	1,500,000	2,067,292
Total liabilities	–	(858,316)
Net assets	1,500,000	1,208,976

Suncity Group Tourism has only commenced its operation since 17 December 2015 after obtaining the travel agency license. Hence, no revenue was generated during the period since the incorporation date of Suncity Group Tourism on 13 January 2014 up to 31 December 2014 and the year ended 31 December 2015. The net loss for the year ended 31 December 2015 was mainly attributable to professional fees incurred.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development of residential and commercial properties, as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC, and hotel consultancy service.

Due to the slowdown of economic growth in the PRC, the Group intends to explore and invest in potential projects and business opportunities with good potentials. Leveraging on the expertise and experience of the Group's management team in the tourism sector, the Board considers that it could be a growth catalyst for the Group to develop tourism-related service business. Following Completion, the Group intends to, through Suncity Group Tourism, (i) develop a leading and unique platform which offers high-end, luxury and tailor-made travel-related products and services to customers, including travel packages to entertainment resort facilities; (ii) launch an online platform to capture the online business opportunity to develop the O2O business model; and (iii) explore other affiliate business and investment opportunities by leveraging on the customer base of travel packages and products. Details of other development plans of the Group in this respect is set out in the section headed "Updates on business development and possible fund raising" below in this announcement. Taking into account that Suncity Group Tourism has already obtained a valid travel agency license and commenced the provision of tourism-related services in Macau, the Board considers that the Acquisition offers an immediately available opportunity for the Group to achieve its objective of business diversification and will provide an additional revenue stream to the Group.

The Directors (including the independent non-executive Directors) consider that the Agreement was entered into on normal commercial terms and is fair and reasonable and the Acquisition is in the interests of the Company and the independent Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Chau is the Chairman and an executive Director of the Company, and the Controlling Shareholder interested in approximately 57.31% of the issued share capital of the Company as at the date of this announcement. Ms. Chau is the sister of Mr. Chau. Therefore, the Vendors are connected persons of the Company. By virtue of the Vendors' interest in the Agreement, the transactions contemplated under the Agreement (i.e. the Acquisition) constitute connected transactions of the Company. Having considered the maximum amount of the Sale Loan warranted by the Vendors, the applicable percentage ratios under Chapter 14A of the Listing Rules for the Acquisition are less than 25% and the total consideration is less than HK\$10,000,000. Accordingly, the Acquisition contemplated under the Agreement constitutes a de minimis transaction under Rule 14A.76 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement.

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Based on the latest published financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2015, the Group had total bank and other borrowings of approximately RMB2,038.3 million as at 31 December 2015, of which loans in an aggregate amount of approximately RMB1,558.3 million would be due in 2016. In view of the need for repayment of the loans to be due and in order to improve the Group's gearing ratio, the Group is contemplating a possible fund raising exercise to repay part of the outstanding bank and other borrowings. The Group is also considering deploying part of the proceeds to be raised from the possible fund raising exercise for the abovementioned business development plans. As at the date of this announcement, other than the Agreement, no definitive agreement has been entered into in relation to any future development plan of the Group or any fund-raising activity. The Company will make further announcement(s) in accordance with the requirements of the Listing Rules as and when appropriate.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the assignment of the Sale Loan pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 14 July 2016 entered into between the Purchasers and the Vendors in respect of the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1383)
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“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
“Independent Third Parties”	third parties independent of, and not connected with, the Company and its connected persons
“Jumpers Action”	Jumpers Action Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Kingdom Rich”	Kingdom Rich Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman and an executive Director of the Company, and the Controlling Shareholder
“Ms. Chau”	Ms. Chau Sui Heng
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchasers”	Jumpers Action and Kingdom Rich
“Sale Loan”	all amounts outstanding and owing by Suncity Group Tourism to the Vendors and/or their associates as at the date of Completion
“Sale Shares”	the entire issued share capital of Suncity Group Tourism as at the date of the Agreement
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Suncity Group Tourism”	Suncity Group Tourism Limited, a company incorporated in Macau with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mr. Chau and Ms. Chau
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“MOP”

Macau Pataca, the lawful currency of Macau

“%”

per cent.

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

Hong Kong, 14 July 2016

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 the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.