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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)

TERMINATION OF THE POSSIBLE ACQUISITION

Reference is made to (i) the announcement of Sun Century Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 July 2012 (the “**Announcement**”) in relation to the Possible Acquisition; and (ii) the prospectus of the Company dated 28 December 2012 (the “**Prospectus**”) in relation to the Open Offer. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings ascribed to them in the Announcement and the Prospectus.

As disclosed in the Announcement, the Company had entered into the Agreement of Intent with the Vendor in relation to the Possible Acquisition by the Company or a party designated by the Company of the entire equity interest in the Target Company, which owns a property development project in Huangshan City of the Anhui Province, the PRC (i.e. the Project). The Agreement of Intent was non-legally binding and the Possible Acquisition was subject to the entering into of a formal sale and purchase agreement between the Company and the Vendor. The Company was granted the exclusive right to conduct due diligence investigations on the assets, liabilities, operations and businesses of the Target Company and the Project upon the execution of the Agreement of Intent, the result of which would form a base upon which the consideration for the sale and purchase of the entire equity interest of the Target Company would be negotiated between the parties. The due diligence investigations on the Target Company reveals that it is involved in some legal disputes with certain parties, the outcome of which might have material impact on the Target Company. Pending the satisfactory settlement of these legal disputes, the Company has been monitoring the development of the legal disputes in conjunction with the Target Company and its legal counsels for the purpose of the Possible Acquisition. Subsequent to the Agreement of Intent, with the consent of the Company, the entire equity interest of the Target Company has been ultimately transferred to 深圳必應投資諮詢有限公司 (the “**Present Vendor**”), which has in turn agreed to retain all the rights of the Company under the Agreement of Intent. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Present Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

To date, the legal disputes of the Target Company remain unresolved and there are no indications that they will be resolved in the near future. In light of this, the Board has resolved to terminate the Agreement of Intent and cease discussions on the Possible Acquisition. Accordingly, on 11 August 2016, the Company entered into an agreement (the “**Termination Agreement**”) with the Present Vendor to terminate the Agreement of Intent. Each of the Company and the Present Vendor has confirmed that it has no claims on the other in relation to the Agreement of Intent and the Termination Agreement.

As disclosed in the Prospectus, it was then expected that the total consideration for the Possible Acquisition would be in the range of RMB400 million – RMB450 million, with reference to the then general market situation of Huangshan City and its development prospects. Of the gross proceeds of HK\$313 million of the Open Offer, the Company had intended to use approximately HK\$240 million to fund payment of deposit for the Possible Acquisition if the Possible Acquisition materialised, with the rest of the purchase consideration to be financed by income from existing property projects of the Group. It was further intended that if the Possible Acquisition did not proceed, the Company would use the remaining proceeds of the Open Offer (after utilising HK\$69 million to set off part of the loan then due to the Controlling Shareholder and deducting the costs and expenses in relation to the Open Offer) of approximately HK\$244 million for other investment opportunities relevant to the principal business of the Group in the real property market. Given the prolonged due diligence time on the Target Company, in the interim period from 2014 to 2015, the Company had redeployed a total of HK\$206.6 million of the net proceeds of the Open Offer for use in the existing property development projects of the Group, comprising (i) approximately HK\$53.0 million for part of the purchase price of a piece of development land in Fushun, the PRC; (ii) approximately HK\$35.9 million on payments for construction costs of the Group’s property projects; and (iii) approximately HK\$117.7 million for the repayment of certain property loans and accrued interests incurred for the development of the Group’s property projects. In the event that the Possible Acquisition became capable to proceed, the Company had planned to pay the required deposit for the Possible Acquisition out of the sale proceeds from the Group’s pre-sold property development projects.

In the circumstances, the Company intends to use the unutilised net proceeds from the Open Offer of approximately HK\$37.4 million as general working capital of the Group. All sale proceeds receivable on the Group’s pre-sold property development projects which had otherwise been designated for the use of the Possible Acquisition as referred to above will be released for the operational need of the Group.

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

Hong Kong, 11 August 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.