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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)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;

(II) CONNECTED TRANSACTION IN RELATION TO DEBT RESTRUCTURING INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;

AND

(III) CLOSURE OF REGISTER OF MEMBERS

Underwriters of the Rights Issue

Fame Select Limited



VMS Securities Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of not less than approximately HK\$901.4 million and not more than approximately HK\$960.7 million by way of the Rights Issue. Fame Select has irrevocably undertaken to accept its entitlements and subscribe for 2,583,146,526 Rights Shares under the Rights Issue pursuant to the Irrevocable Undertaking. The net proceeds from the Rights Issue after deducting related expenses are estimated to be not less than approximately HK\$892.9 million and not more than approximately HK\$952.3 million. The Rights Issue (subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 28 October 2016.

As at the date of this announcement, Fame Select is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and is the Controlling Shareholder. Fame Select has irrevocably undertaken to the Company and to VMS Securities that, it will (i) not dispose of, or agree to dispose of, any Shares held by it from the date of the Irrevocable Undertaking up to the close of business on the Record Date; (ii) accept or procure the acceptance for the 2,583,146,526 Rights Shares to which Fame Select is entitled pursuant to the Rights Issue; and (iii) lodge the PAL in respect of the 2,583,146,526 Rights Shares and comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

The gross proceeds from the Rights Issue are expected to be not less than approximately HK\$901.4 million and not more than approximately HK\$960.7 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be not less than approximately HK\$892.9 million and not more than approximately HK\$952.3 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.198. Assuming the Company has raised the minimum proceeds, the Company intends to apply as to (i) approximately HK\$803.7 million for repayment of such part of the Third Parties Loans which are denominated in Hong Kong dollars together with the interests accrued thereon; (ii) approximately HK\$50.0 million for the Group's business development plan in respect of its tourism-related service business and hotel and integrated resort management and consultancy service business; and (iii) approximately HK\$39.2 million as the Group's general working capital for its existing business. In the event that the Company has raised the maximum proceeds, the Company will apply the additional amount of net proceeds of approximately HK\$59.4 million as general working capital for its business development plan as well as its existing business.

DEBT RESTRUCTURING

On 20 September 2016, after trading hours, the Company entered into the CB Subscription Agreement with Fame Select, pursuant to which Fame Select has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$570,000,000.

As at the date of this announcement, the Company is indebted to Fame Select the Loan, which includes the principal amount of HK\$525,374,700 and the accrued interests of HK\$44,091,473. The Loan is unsecured, repayable on demand and bearing an interest at 2% per annum.

Pursuant to the CB Subscription Agreement, the subscription price payable by Fame Select in respect of the subscription of the Convertible Bonds shall be satisfied by setting off against the balance of the Loan on a dollar-for-dollar basis pursuant to the Deed of Set-Off to be entered into upon completion of the CB Subscription Agreement.

Based on the initial Conversion Price of HK\$0.26 per Conversion Share (subject to adjustments), a total of 2,192,307,692 Conversion Shares will be issued upon full conversion of the Convertible Bonds. The Conversion Shares will be allotted and issued pursuant to a specific mandate to be sought from the Independent Shareholders at the EGM.

The Rights Issue and the CB Subscription Agreement are not inter-conditional on each other.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 October 2016 to Tuesday, 25 October 2016 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Monday, 31 October 2016 to Tuesday, 1 November 2016 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, the Company has outstanding Share Options under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 98,881,243 new Shares. As a result of the Rights Issue and the issue of the Convertible Bonds, there may be adjustments to the exercise prices and/or the number of Shares to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme. The Company will appoint its auditor to certify in writing the adjustments to the Share Options and that such adjustments are in accordance with the terms and conditions of the Share Option Scheme. Further announcement(s) will be made by the Company in relation thereof as and when appropriate.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fame Select is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and is therefore the Controlling Shareholder. Accordingly, the allotment and issue of the Underwritten Shares (if any) to Fame Select in its capacity as one of the Underwriters pursuant to the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. As the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the underwriting obligations of Fame Select under the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2) of the Listing Rules.

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders at the EGM and any Controlling Shareholders and their associates, or where there is no Controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the resolution relating to the Rights Issue. Fame Select, the Controlling Shareholder, is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. Ms. Yeung So Mui, an executive Director, is spouse of Mr. Cheng Ting Kong. Accordingly, Fame Select, Mr. Chau, Mr. Cheng Ting Kong, Ms. Yeung So Mui, and their respective associates shall abstain from voting in favour of the resolution to the Rights Issue to be proposed at the EGM.

The Debt Restructuring involves the issue of the Convertible Bonds to Fame Select, the Controlling Shareholder, and therefore will constitute a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under the Listing Rules. The Conversion Shares (upon exercise of the conversion rights attaching to the Convertible Bonds) will be allotted and issued pursuant to the specific mandate to be sought from the Independent Shareholders at the EGM. By virtue of Fame Select's interest in the CB Subscription Agreement, Fame Select, Mr. Chau, Mr. Cheng Ting Kong, Ms. Yeung So Mui, and their respective associates will abstain from voting on the resolution in relation to the CB Subscription Agreement and the transactions contemplated thereunder to be proposed at the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, will be established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider, and, if thought fit, to approve, the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement. A circular containing, among other things, (i) further details of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders on or before Friday, 7 October 2016.

Upon the approval of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable, and only the Prospectus, will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms thereof (see the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting arrangements for the Rights Issue” in this announcement above). Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in Shares.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Thursday, 27 October 2016 and that dealings in the Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any dealings by the Shareholders and other persons in the Shares between the date of this announcement and the date on which the Rights Issue becomes unconditional (which is expected to be at 4:00 p.m. on Monday, 21 November 2016), and any dealings in the Rights Shares in their nil-paid form from Friday, 4 November 2016 to Friday, 11 November 2016 (both dates inclusive), will be at their own risk and if they are in any doubt about their position, they should consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of not less than approximately HK\$901.4 million and not more than approximately HK\$960.7 million by way of the Rights Issue. Fame Select has irrevocably undertaken to accept its entitlements and subscribe for 2,583,146,526 Rights Shares under the Rights Issue pursuant to the Irrevocable Undertaking. The net proceeds from the Rights Issue after deducting related expenses are estimated to be not less than approximately HK\$892.9 million and not more than approximately HK\$952.3 million. The Rights Issue (subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,502,314,725
Number of Rights Shares	:	Not less than 4,506,944,175 Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) and not more than 4,803,587,904 Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date)
Aggregate nominal value of the Rights Shares	:	Not less than HK\$450,694,417.5 and not more than HK\$480,358,790.4

Number of Shares as enlarged by the allotment and issue of the Rights Shares : Not less than 6,009,258,900 Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) and not more than 6,404,783,872 Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date)

Number of Underwritten Shares : Not less than 1,923,797,649 Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) and not more than 2,220,441,378 Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date), being the total number of the Rights Shares less a total of 2,583,146,526 Rights Shares undertaken to be taken up by Fame Select pursuant to the Irrevocable Undertaking

Underwriters : (i) Fame Select; and
(ii) VMS Securities

As at the date of this announcement, the Company has outstanding Share Options under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 98,881,243 new Shares. Details of which are set out below:

Date of grant	Exercise period	Exercise price (HK\$)	Number of underlying Shares
15 May 2007	15 November 2007 – 14 May 2017	4.78	5,520,001
10 October 2007	10 April 2008 – 9 October 2017	7.78	384,318
13 February 2008	13 August 2008 – 12 February 2018	4.42	3,076,924
12 December 2013	13 December 2013 – 11 December 2023	0.398	89,900,000
Total			<u>98,881,243</u>

To the best of the Directors' knowledge and information and belief having made all reasonable enquiries, each of the holders of the outstanding Share Options is an Independent Third Party.

Save for the Share Options, the Company has no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

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

Assuming no exercise of the outstanding Share Options and no issue of new Shares (other than the Rights Shares) or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date, the aggregate number of the Rights Shares represents (i) 300% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK\$0.20 per Rights Share will be payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment under the Rights Issue and, where applicable, application for excess Rights Shares, or when a transferee of the nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares, which represents:

- (i) a discount of 20.0% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.6% to the average of the closing prices of HK\$0.252 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 22.2% to the average of the closing prices of HK\$0.257 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 25.1% to the average of the closing prices of approximately HK\$0.267 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 6.1% to the theoretical ex-rights price of approximately HK\$0.213 per Share based on the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day.

The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriters with reference to (i) the recent market prices of the Shares under the prevailing market and economic conditions; (ii) the net loss of the Group since the financial year ended 31 December 2013; and (iii) the funding needs of the Group as detailed in the section headed "Use of proceeds and reasons for the Rights Issue and the Debt Restructuring" below.

Given that (i) the Rights Shares are offered to all Qualifying Shareholders and each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date; (ii) the Subscription Price has been set at a discount to the recent closing prices of the Shares with a view to encourage the existing Shareholders to participate in the Rights Issue; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

If the conditions of the Underwriting Agreement which include but not limited to, the Independent Shareholders' approval at the EGM, are not fulfilled, the Rights Issue will not proceed.

For the avoidance of doubt, the Rights Issue is not conditional upon completion of the CB Subscription Agreement.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in their nil-paid form) for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

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

Qualifying Shareholders and Non-Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 28 October 2016.

The Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders on or before Wednesday, 2 November 2016. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus only, to the Non-Qualifying Shareholders (if any) for information purpose.

Arrangements will be made for the Rights Shares (in their nil-paid form) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day of dealings in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale will be paid pro rata to the Non-Qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders in the Rights Issue will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement. For the avoidance of doubt, the Non-Qualifying Shareholders (if any) will be entitled to vote on the resolution in relation to the Rights Issue at the EGM.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the date of this announcement, the Company has one (1) Overseas Shareholder with registered address situated in the PRC.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s). If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Shares will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents.

The Overseas Shareholder(s) should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Company pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholder(s) should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Fractional entitlement to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for:

- (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders and which cannot be sold at a net premium; and
- (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders.

Application may be made by completing the EAF for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable based on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares being applied for by them.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 28 October 2016.

Share certificates for the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted by Monday, 28 November 2016 to those entitled thereto by ordinary post at their own risks.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) 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 Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange or such other dates as may be 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. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

Principal terms of the Underwriting Agreement

Date : 20 September 2016

Parties : (i) The Company;
(ii) Fame Select, being one of the Underwriters; and
(iii) VMS Securities, being one of the Underwriters.

Fame Select is a company incorporated in the BVI with limited liability and is owned as to 50% by Mr. Chau, the Chairman of the Company and an executive Director, and as to 50% by Mr. Cheng Ting Kong, the spouse of Ms. Yeung So Mui, an executive Director. As at the date of this announcement, Fame Select is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and is the Controlling Shareholder. The principal business of Fame Select does not include underwriting.

VMS Securities is a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities, and its principal business includes underwriting. As at the date of this announcement, VMS Securities does not hold any Shares. To the best of the Directors' knowledge and information and belief having made all reasonable enquiries, VMS Securities and its ultimate beneficial owner are Independent Third Parties.

Number of the Underwritten Shares : The Rights Issue is, subject to the Irrevocable Undertaking, fully underwritten by the Underwriters.

The total number of the Underwritten Shares shall be not less than 1,923,797,649 Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) and not more than 2,220,441,378 Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date), being the total number of the Rights Shares less a total of 2,583,146,526 Rights Shares undertaken to be taken up by Fame Select pursuant to the Irrevocable Undertaking.

Pursuant to the Underwriting Agreement,

- (i) Fame Select shall have the priority to underwrite not less than 1,062,748,807 Underwritten Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) and not more than 1,359,392,536 Underwritten Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date) at the Subscription Price, provided that Fame Select together with its associates and parties acting in concert with any of them shall not in aggregate hold more than 75% of the issued share capital of the Company (as enlarged by the allotment and issue of the Rights Shares) immediately upon completion of the Rights Issue; and
- (ii) VMS Securities shall underwrite the remaining Underwritten Shares, being 861,048,842 Underwritten Shares, at the Subscription Price.

Such allocation of underwriting commitment between the Underwriters can be modified by mutual agreement between the Underwriters, provided that (i) other obligations of the Underwriters and all other terms and conditions of the Underwriting Agreement shall remain unchanged; (ii) all the Underwriters shall notify the Company in writing such modification of underwriting commitment forthwith; and (iii) such allocation of underwriting commitment between the Underwriters will not trigger the obligations of any Underwriters pursuant to Rule 26.1 of the Takeovers Code.

Commission

: No underwriting commission will be payable by the Company to Fame Select under the Underwriting Agreement.

The Company will pay VMS Securities an underwriting commission of 3% of the aggregate subscription monies attributable to the portion of the Underwritten Shares underwritten by it.

The commission rate was determined after arm's length negotiation between the Company and VMS Securities with reference to, among other things, the Subscription Price, the underwriting obligation undertaken by it, the market condition, the historical financial performance of the Group and the prevailing market rate for the underwriting commission. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider the terms of the Underwriting Agreement, including the commission rate payable to VMS Securities, are fair and reasonable so far as the Company and the Shareholders are concerned.

Pursuant to the Underwriting Agreement, in the event that VMS Securities being called upon to subscribe for or procure subscribers to subscribe for the Untaken Shares, VMS Securities shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party and each of such subscribers and itself shall not, together with any of his/her/its associates and any party acting in concert (within the meaning of the Takeovers Code) with him/her/it, hold 10% or more of the voting rights of the Company immediately upon completion of the Rights Issue. It is expected that the Company will be able to satisfy the public float requirements under Rule 8.08(1) of the Listing Rules immediately upon completion of the Rights Issue, and will continue to comply with the public float requirements after completion of the Rights Issue.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon:

- (i) the passing by the Independent Shareholders at the relevant EGM of an ordinary resolution to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares, by no later than the date of despatch of the Prospectus Documents;

- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one (1) copy of each of the Prospectus Documents duly signed by two (2) 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 (Winding Up and Miscellaneous Provisions) Ordinance not later than the date of despatch of the Prospectus Documents;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the date of despatch of the Prospectus Documents;
- (iv) 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 the Rights Shares (in both their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (v) the Underwriting Agreement is not being terminated by any of the Underwriters pursuant to the terms thereof at or before the Latest Time for Termination;
- (vi) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects; and
- (vii) compliance with and performance of all undertakings and obligations of Fame Select under the Irrevocable Undertaking.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the Latest Time for Termination (or such other time and date as the Company and the Underwriters may agree in writing) and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares or to give effect to the Rights Issue and the arrangements contemplated in the Underwriting Agreement.

The above conditions (other than condition (vi) which can only be waived jointly by the Underwriters) are incapable of being waived. If the above conditions are not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriters may agree, the Underwriting Agreement shall terminate (save and except clauses in relation to, among others, the underwriting commission payable by the Company to VMS Securities (if any), which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the absolute opinion of any of the Underwriters, the success of the Rights Issue 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 absolute opinion of any of the Underwriters 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 Rights Issue; 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 of the Underwriting Agreement) 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 absolute opinion of any of the Underwriters 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 Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material 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 absolute opinion of any of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of any of the Underwriters 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
- (iv) there is any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (v) there is any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) this announcement, the circular to be despatched by the Company in relation to the Rights Issue or the Prospectus Documents when published contain information (either as to business prospects or the financial 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 of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of any of the Underwriters is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (vii) there is any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (viii) there is 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, the circular to be despatched by the Company in relation to the Rights Issue or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (ix) there is any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

any of the Underwriters shall be entitled by notice in writing to the Company and the other Underwriter, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Any of the Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement 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 contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of any of the Underwriters.

Any such notice shall be served by any of the Underwriters prior to the Latest Time for Termination. If any of the Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Fame Select is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and is the Controlling Shareholder. Fame Select has irrevocably undertaken to the Company and to VMS Securities that, it will (i) not dispose of, or agree to dispose of, any Shares held by it from the date of the Irrevocable Undertaking up to the close of business on the Record Date; (ii) accept or procure the acceptance for the 2,583,146,526 Rights Shares to which Fame Select is entitled pursuant to the Rights Issue; and (iii) lodge the PAL in respect of the 2,583,146,526 Rights Shares and comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2016

Expected despatch date of the circular, proxy form and notice of the EGM	Friday, 7 October
Latest time for lodging transfers of the Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 21 October
Latest time for lodging proxy forms for the EGM	10:00 a.m. on Sunday, 23 October
Closure of register of members for determination of the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	From Monday, 24 October to Tuesday, 25 October
Expected time and date of the EGM	10:00 a.m. on Tuesday, 25 October
Announcement of poll results of the EGM	Tuesday, 25 October
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 26 October
First day of dealings in the Shares on an ex-rights basis	Thursday, 27 October
Latest time for lodging transfers of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 28 October

Closure of register of members for determination of entitlements to the Rights Issue (both dates inclusive)	From Monday, 31 October to Tuesday, 1 November
Record Date for determination of entitlements to the Rights Issue	Tuesday, 1 November
Re-opening of the register of members of the Company	Wednesday, 2 November
Despatch of Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 2 November
First day of dealings in the nil-paid Rights Shares	Friday, 4 November
Latest time for splitting of the nil-paid Rights Shares	4:30 p.m. on Tuesday, 8 November
Last day of dealings in the nil-paid Rights Shares	Friday, 11 November
Latest Time for Acceptance and payment for the Rights Shares	4:00 p.m. on Wednesday, 16 November
Latest Time for Termination and the Rights Issue becomes unconditional	4:00 p.m. on Monday, 21 November
Announcement of the results of the Rights Issue	Friday, 25 November
Despatch of certificates for the fully-paid Rights Shares	Monday, 28 November
Despatch of refund cheques for wholly or partly unsuccessful applications for excess Rights Shares or if the Rights Issue is terminated	Monday, 28 November
Expected first day of dealings in the fully-paid Rights Shares	9:00 a.m. on Tuesday, 29 November

All times in this announcement refer to Hong Kong time. The expected timetable set out above is indicative only and is subject to change, and any change will be announced by the Company in separate announcement(s) as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Wednesday, 16 November 2016, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

DEBT RESTRUCTURING

On 20 September 2016, after trading hours, the Company entered into the CB Subscription Agreement with Fame Select, pursuant to which Fame Select has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$570,000,000.

As at the date of this announcement, the Company is indebted to Fame Select the Loan, which includes the principal amount of HK\$525,374,700 and the accrued interests of HK\$44,091,473. The Loan is unsecured, repayable on demand and bearing an interest at 2% per annum.

Pursuant to the CB Subscription Agreement, the subscription price payable by Fame Select in respect of the subscription of the Convertible Bonds shall be satisfied by setting off against the balance of the Loan on a dollar-for-dollar basis pursuant to the Deed of Set-Off to be entered into upon completion of the CB Subscription Agreement.

The principal terms of the Convertible Bonds are summarised as follows:

Issue price	:	100% of the principal amount of the Convertible Bonds.
Denomination	:	The Convertible Bonds shall be issued in authorised denomination of HK\$3,000,000 each and integral multiples thereof.
Interest rate	:	The Convertible Bonds shall not bear any interest.

Maturity date : The date falling two (2) years from the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day (the “**Maturity Date**”).

Redemption : Any amount of the Convertible Bonds which remains outstanding on the Maturity Date shall be redeemed at its then outstanding principal amount.

The Company may at any time before the Maturity Date by serving at least ten (10) days’ prior written notice on the holder(s) of the Convertible Bonds with the total amount proposed to be redeemed from the holder(s) of the Convertible Bonds specified therein, redeem the Convertible Bonds (in whole or in part (in authorised denominations)) at 100% of the principal amount of such Convertible Bonds.

Any amount of the Convertible Bonds which is redeemed or converted will forthwith be cancelled. Certificate in respect of the Convertible Bonds cancelled will be forwarded to or to the order of the Company and such Convertible Bonds may not be reissued or resold.

Conversion period : Provided that any conversion of the Convertible Bonds does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company, the holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions of the Convertible Bonds, have the right at any time during the period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date to convert the whole or part (in authorised denominations) of the outstanding principal amount of Convertible Bonds registered in its name into Shares at the Conversion Price.

- Conversion Price : The initial Conversion Price of HK\$0.26 per Conversion Share was determined after arm's length negotiations between the Company and Fame Select with reference to the prevailing market price of the Shares and the theoretical ex-rights price under the Rights Issue, and represents:
- (i) a premium of 4.0% over the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - (ii) a premium of approximately 3.2% over the average closing price of HK\$0.252 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
 - (iii) a premium of approximately 1.2% over the average closing price of HK\$0.257 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
 - (iv) a premium of approximately 22.1% over the theoretical ex-rights price of approximately HK\$0.213 per Share based on the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Last Trading Day.

The initial Conversion Price is subject to customary anti-dilution adjustment(s) contained in the terms of the Convertible Bonds upon the occurrence of, among other things, (i) consolidation or sub-division resulted in the Shares become of a different nominal amount; (ii) capitalisation of profits or reserves; (iii) capital distribution or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries; and (iv) rights issues, grant of options or warrants to subscribe for new Shares or issue of Shares or convertible or exchangeable securities or modification of rights of conversion, exchange or subscription attaching thereto at less than 80% of the then current market price of the Shares, save for the issue of the Rights Shares (in both nil-paid and fully paid forms) pursuant to the Rights Issue.

Conversion Shares : Based on the initial Conversion Price of HK\$0.26 per Conversion Share (subject to adjustments), a total of 2,192,307,692 Conversion Shares will be issued upon full conversion of the Convertible Bonds.

The Conversion Shares represent:

- (i) approximately 145.93% of the existing issued share capital of the Company as at the date of this announcement (assuming no change in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Conversion Shares);
- (ii) approximately 59.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming the Rights Issue does not proceed while the conversion rights attaching to the Convertible Bonds are exercised in full);
- (iii) approximately 36.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares (other than the Rights Shares) or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date); and
- (iv) approximately 26.73% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Conversion Shares (assuming full exercise of the conversion rights attaching to the Convertible Bonds, no exercise of the outstanding Share Options and no issue of new Shares (other than the Rights Shares) or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date).

The Conversion Shares will be allotted and issued pursuant to a specific mandate to be sought from the Independent Shareholders at the EGM.

Ranking of the Conversion
Shares

The Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall be entitled to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

Voting

: The holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meeting of the Company by reason only it/them being the holder(s) of the Convertible Bonds.

Transferability

: The holder(s) of the Convertible Bonds may freely assign or transfer the Convertible Bonds to the transferee (who is not a restricted holder) subject to not less than five (5) Business Days' prior notification to the Company. The Convertible Bonds may not be assigned or transferred, in whole or in part, to any connected person of the Company without prior written consent of the Company. The Convertible Bonds may be assigned or transferred in whole or in part (in authorised denominations) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Convertible Bond, including making any necessary applications to the Stock Exchange for the said approval (if required).

Notwithstanding the above, the holder(s) of the Convertible Bonds shall be permitted at any time to transfer the Convertible Bonds to a transferee who is a wholly-owned subsidiary of such holder(s) of the Convertible Bonds or a holding company of such holder(s) of the Convertible Bonds who owns the entire issued share capital of such holder(s) of the Convertible Bonds provided that the Convertible Bonds will be re-transferred to such holder(s) of the Convertible Bonds immediately upon the transferee ceasing to be a wholly-owned subsidiary of such holder(s) of the Convertible Bonds or a holding company of the holder(s) of the Convertible Bonds who owns the entire issued share capital of such holder(s) of the Convertible Bonds.

- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Events of default : If any of the events of default set out in the terms and conditions of the Convertible Bonds occurs, the Company shall within ten days of such event occurring give notice to the holder(s) of the Convertible Bonds. Within ten days after the Company despatches the notice, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable, whereupon they shall become immediately due and payable.

Conditions precedent to the CB Subscription Agreement

Completion of the CB Subscription Agreement is conditional upon the following conditions having been fulfilled:

- (i) the passing by the Independent Shareholders of relevant resolutions at the EGM in compliance with the requirements of the Listing Rules approving:
 - (a) the CB Subscription Agreement and the transactions contemplated hereunder; and
 - (b) the allotment and issue of the Conversion Shares to Fame Select in accordance with the terms of the CB Subscription Agreement;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of Fame Select in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (v) none of the warranties given by the Company under the CB Subscription Agreement having been breached in any material respect (or, if capable of being remedied, having not been remedied), or having been misleading or untrue in any material respect; and

- (vi) none of the warranties given by Fame Select under the CB Subscription Agreement having been breached in any material respect (or, if capable of being remedied, having not been remedied), or having been misleading or untrue in any material respect.

Fame Select may at any time by notice in writing to the Company to waive the condition (v). The Company may at any time by notice in writing to Fame Select to waive the condition (vi). The conditions (i), (ii), (iii) and (iv) are incapable of being waived. If the above conditions are not fulfilled (or waived) on or before 31 October 2016 or such other date as may be agreed by the Company and Fame Select, the CB Subscription Agreement (save and except the clauses, among others, relating to confidentiality) shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the CB Subscription Agreement save in respect of any antecedent breach of any obligation thereof.

For the avoidance of doubt, the CB Subscription Agreement is not conditional upon completion of the Rights Issue.

Completion

Completion of the CB Subscription Agreement shall take place within ten (10) Business Days after the fulfillment or waiver (as the case may be) of conditions mentioned above (or such other date as shall be agreed in writing between the Company and Fame Select).

SHAREHOLDING STRUCTURE OF THE COMPANY

Scenario 1 – Assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of Rights Issue assuming no acceptance by the Qualifying Shareholders (other than Fame Select) under the Rights Issue	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Fame Select (Note 1)	861,048,842	57.31	3,444,195,368	57.31	4,506,944,175	75.00
VMS Securities and subscribers procured by it	-	-	-	-	861,048,842	14.33
Other public Shareholders	641,265,883	42.69	2,565,063,532	42.69	641,265,883	10.67
Total	1,502,314,725	100.00	6,009,258,900	100.00	6,009,258,900	100.00

Scenario 2 – Assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date

	(i) As at the date of this announcement		(ii) Immediately upon full exercise of all outstanding Share Options before the Record Date		(iii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iv) Immediately upon completion of Rights Issue assuming no acceptance by the Qualifying Shareholders (other than Fame Select) under the Rights Issue	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Fame Select (Note 1)	861,048,842	57.31	861,048,842	53.78	3,444,195,368	53.78	4,803,587,904	75.00
The holders of the Share Options	-	-	98,881,243	6.18	395,524,972	6.18	98,881,243	1.54
VMS Securities and subscribers procured by it	-	-	-	-	-	-	861,048,842	13.44
Other public Shareholders	641,265,883	42.69	641,265,883	40.04	2,565,063,532	40.04	641,265,883	10.02
Total	1,502,314,725	100.00	1,601,195,968	100.00	6,404,783,872	100.00	6,404,783,872	100.00

Scenario 3 – The shareholding structure of the Company immediately before and after the allotment and issue of the Conversion Shares

	(i) As at the date of this announcement		(ii) Assuming the Rights Issue does not proceed and the conversion rights under the Convertible Bonds are exercised subject to the conversion restrictions thereof (Note 2)		(iii) Immediately upon completion of Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue, and that the conversion rights under the Convertible Bonds are exercised in full		(iv) Immediately upon full exercise of all outstanding Share Options before the Record Date		(v) Assuming the Rights Issue does not proceed but all outstanding Share Options are exercised in full and the conversion rights under the Convertible Bonds are exercised subject to the conversion restrictions thereof (Note 2)		(vi) Immediately upon completion of Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue, and assuming all outstanding Share Options and the conversion rights under the Convertible Bonds are exercised in full	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Fame Select (Note 1)	861,048,842	57.31	1,923,797,649	75.00	5,636,503,060	68.72	861,048,842	53.78	2,220,441,378	75.00	5,636,503,060	65.56
The holders of the Share Options	-	-	-	-	-	-	98,881,243	6.18	98,881,243	3.34	395,524,972	4.60
VMS Securities and subscribers procured by it	-	-	-	-	-	-	-	-	-	-	-	-
Other public Shareholders	641,265,883	42.69	641,265,883	25.00	2,565,063,532	31.28	641,265,883	40.04	641,265,883	21.66	2,565,063,532	29.84
Total	1,502,314,725	100.00	2,565,063,532	100.00	8,201,566,592	100.00	1,601,195,968	100.00	2,960,588,504	100.00	8,597,091,564	100.00

Notes:

- Fame Select is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. Ms. Yeung So Mui, an executive Director, is the spouse of Mr. Cheng Ting Kong. Mr. Chau, Mr. Cheng Ting Kong and Ms. Yeung So Mui are therefore deemed to be interested in the 861,048,842 Shares held by Fame Select.*
- Pursuant to the terms of the Convertible Bonds, no conversion of the Convertible Bonds shall be allowed if such conversion will result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company.*
- The above shareholding structure is for illustrative purpose only.*

As illustrated above, if no Qualifying Shareholders take up the Rights Shares, the shareholding of the existing public Shareholders will be reduced from approximately 42.69% as at the date of this announcement to approximately 10.67% upon completion of the Rights Issue (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date). Moreover, taking into account the monetary effect of the Rights Issue, if a Qualifying Shareholder does not take up the Rights Shares entitled to him/her/it, the dilution impact on his/her/its shareholding will be approximately 14.8%, estimated based on the closing price of HK\$0.250 per Share on the Last Trading Date and the corresponding theoretical ex-rights price of approximately HK\$0.213 per Share.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

USE OF PROCEEDS AND REASONS FOR THE RIGHTS ISSUE AND THE DEBT RESTRUCTURING

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 and integrated resort management and consultancy services.

Based on the management accounts of the Group, as at the date of this announcement, the Group had total outstanding borrowings in the current liabilities of approximately HK\$1,417.7 million), which include (i) the principal amount of the Loan (denominated in Hong Kong dollars) of approximately HK\$525.4 million due to Fame Select; (ii) loans (denominated principally in Hong Kong dollars with some denominated in RMB) in an aggregate amount of approximately HK\$611.5 million due to several Independent Third Parties which carry interest rates of 14% to 18% (the “**Third Parties Loans**”); and (iii) bank and other borrowings (denominated in RMB) of approximately RMB240.0 million (equivalent to approximately HK\$280.8 million) which carry interest rates of 5.635% to 8%. The Loan and the Third Parties Loans are already due and repayable on demand. Due to the outstanding borrowings, the Group has been incurring substantial finance costs which have seriously eroded the profitability of the Group since the year ended 31 December 2014 (“**FY2014**”). The finance costs totaled approximately RMB347.1 million (equivalent to approximately HK\$406.1 million) and RMB296.4 million (equivalent to approximately HK\$346.8 million) for FY2014 and the year ended 31 December 2015 (“**FY2015**”) respectively. While the profits from operations for FY2014 and FY2015 were approximately RMB430.6 million (equivalent to approximately HK\$503.8 million) and RMB209.5 million (equivalent to approximately HK\$245.1 million) respectively, the Group recorded net loss of approximately RMB144.6 million (equivalent to approximately HK\$169.2 million) and RMB245.9 million (equivalent to approximately HK\$287.7 million) for FY2014 and FY2015 respectively. Without the finance costs, the Group would have recorded net profit of approximately RMB202.5 million (equivalent to approximately HK\$236.9 million) and RMB50.5 million (equivalent to approximately HK\$59.1 million) for FY2014 and FY2015 respectively. The total finance costs continued to be high for the six months ended 30 June 2016 (“**1H2016**”) at approximately RMB115.2 million (equivalent to approximately HK\$134.8 million). If the finance costs were not incurred, the Group would have recorded net profit of approximately RMB50.3 million (equivalent to approximately HK\$58.9 million), instead of net loss of approximately RMB64.9 million (equivalent to approximately HK\$75.9 million) recorded for 1H2016.

Further, as disclosed in the announcement of the Company dated 31 August 2016, the Group has acquired the entire issued share capital of Suncity Group Tourism Limited with the intention of diversifying its business to the tourism-related service business in Macau. The Group intends to further expand the newly planned tourism-related business to other countries in the Asian markets, such as Vietnam and South Korea. The Group also plans to integrate its existing hotels and integrated resort management and consultancy service business with its new tourism-related service business, and provide consultancy, advisory, technical services for hotels or integrated resorts 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 already set up subsidiaries in association with its expansion plan and is identifying potential projects/targets that may suit the Company's objective. As at the date of this announcement, no formal or definitive agreement has been entered into in relation to these expansion plans.

In view of the imminent funding need for repayment of the aforesaid loans and in order to reduce the finance costs attributable thereto and improve the Group's gearing level and the Group's overall profitability, as well as to equip the Group with capital flexibility for its future development and to fund the business development plan of the Group's tourism-related service business, the Group contemplated the Rights Issue and the Debt Restructuring.

The gross proceeds from the Rights Issue are expected to be not less than approximately HK\$901.4 million and not more than approximately HK\$960.7 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be not less than approximately HK\$892.9 million and not more than approximately HK\$952.3 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.198. Assuming the Company has raised the minimum proceeds, the Company intends to apply as to (i) approximately HK\$803.7 million for repayment of such part of the Third Parties Loans which are denominated in Hong Kong dollars together with the interests accrued thereon; (ii) approximately HK\$50.0 million for the Group's business development plan in respect of its tourism-related service business and hotel and integrated resort management and consultancy service business; and (iii) approximately HK\$39.2 million as the Group's general working capital for its existing business. In the event that the Company has raised the maximum proceeds, the Company will apply the additional amount of net proceeds of approximately HK\$59.4 million as general working capital for its business development plan as well as its existing business.

Besides, the Loan is repayable on demand and bearing an interest of 2% per annum. As mentioned above, the Group's performance has been substantially affected by the finance costs, which include the interest expenses associated with the Loan. Through the Debt Restructuring, the Loan, comprising the principal amount and the interest accrued thereon under current liabilities, will be restructured as non-current liabilities repayable in two years, and no further finance costs will be incurred from the Loan as the Convertible Bonds bear zero interest. Together with the repayment of such part of the Third Parties Loans, the Group could be able to turn from a net current liabilities position to a net current assets position. Further, if the holder(s) of the Convertible Bonds decide to exercise the conversion rights attaching thereto and convert them into Shares, it will further reduce the gearing ratio of the Group.

After applying the proceeds of the Rights Issue for the repayment, assuming no change to the outstanding balance of the Third Parties Loans from the date of this announcement up to completion of the Rights Issue, the Third Parties Loans will be reduced to approximately RMB65 million (equivalent to approximately HK\$76 million), which consist of only the loans denominated in RMB, and having considered the effect of the Debt Restructuring, the total outstanding borrowings in the current liabilities will be reduced to approximately RMB305.0 million (equivalent to approximately HK\$356.8 million), which consist of only the remaining Third Parties Loans and the bank and other borrowings.

After taking into account the internally generated funds of the Group from its existing operating activities and the estimated net proceeds to be raised from the Rights Issue, as well as the Debt Restructuring, and in the absence of unforeseeable circumstances, the Company considers that the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months from the date of this announcement. As at the date of this announcement, the Company has no plan to conduct further fund raising activities.

The Board has also considered other fund raising alternatives before resolving to the Rights Issue such as bank borrowing, placing of new shares and open offer. The Directors believe that it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital through the Rights Issue having considered that (i) the Rights Issue 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; (ii) additional bank borrowings will be difficult in view of the unsatisfactory financial performance and the financial position of the Group as well as the purpose of the fund-raising exercise is partly for repayment of borrowings and improve the financial position of the Group; (iii) placing of new shares will preclude existing Shareholders from participating in the capital raising exercise which inevitably will result in dilution to the equity interest of the existing Shareholders; and (iv) open offer will not provide an additional option to those Qualifying Shareholders who do not wish to take up their entitlements to sell their entitled nil-paid Rights Shares and those Qualifying Shareholders who wish to increase their shareholding interests in the Company to acquire additional nil-paid Rights Shares in the market.

The Board considers that the Rights Issue and the Debt Restructuring will enable the Group to strengthen the capital base of the Group, reduce its liabilities and finance costs and enhance its financial position to a net current assets position. Notwithstanding the potential dilution impact of the Rights Issue and the allotment and issue of the Conversion Shares as set out in the section headed “Shareholding structure of the Company” above, in view of the reasons mentioned above and other relevant factors as disclosed in this announcement, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the Rights Issue and the Underwriting Agreement, as well as the Debt Restructuring, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE IN THE PRECEDING TWELVE-MONTH PERIOD

The Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 October 2016 to Tuesday, 25 October 2016 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Monday, 31 October 2016 to Tuesday, 1 November 2016 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, the Company has outstanding Share Options under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 98,881,243 new Shares. As a result of the Rights Issue and the issue of the Convertible Bonds, there may be adjustments to the exercise prices and/or the number of Shares to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme. The Company will appoint its auditor to certify in writing the adjustments to the Share Options and that such adjustments are in accordance with the terms and conditions of the Share Option Scheme. Further announcement(s) will be made by the Company in relation thereof as and when appropriate.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fame Select is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and is therefore the Controlling Shareholder. Accordingly, the allotment and issue of the Underwritten Shares (if any) to Fame Select in its capacity as one of the Underwriters pursuant to the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. As the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the underwriting obligations of Fame Select under the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2) of the Listing Rules.

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders at the EGM and any Controlling Shareholders and their associates, or where there is no Controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the resolution relating to the Rights Issue. Fame Select, the Controlling Shareholder, is owned as to 50% by Mr. Chau and 50% by Mr. Cheng Ting Kong. Ms. Yeung So Mui, an executive Director, is spouse of Mr. Cheng Ting Kong. Accordingly, Fame Select, Mr. Chau, Mr. Cheng Ting Kong, Ms. Yeung So Mui, and their respective associates shall abstain from voting in favour of the resolution to the Rights Issue to be proposed at the EGM.

The Debt Restructuring involves the issue of the Convertible Bonds to Fame Select, the Controlling Shareholder, and therefore will constitute a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under the Listing Rules. The Conversion Shares (upon exercise of the conversion rights attaching to the Convertible Bonds) will be allotted and issued pursuant to the specific mandate to be sought from the Independent Shareholders at the EGM. By virtue of Fame Select's interest in the CB Subscription Agreement, Fame Select, Mr. Chau, Mr. Cheng Ting Kong, Ms. Yeung So Mui, and their respective associates will abstain from voting on the resolution in relation to the CB Subscription Agreement and the transactions contemplated thereunder to be proposed at the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, will be established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider, and, if thought fit, to approve, the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement. A circular containing, among other things, (i) further details of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders on or before Friday, 7 October 2016.

Upon the approval of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable, and only the Prospectus, will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms thereof (see the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting arrangements for the Rights Issue” in this announcement above). Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in Shares.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Thursday, 27 October 2016 and that dealings in the Shares will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any dealings by the Shareholders and other persons in the Shares between the date of this announcement and the date on which the Rights Issue becomes unconditional (which is expected to be at 4:00 p.m. on Monday, 21 November 2016), and any dealings in the Rights Shares in their nil-paid form from Friday, 4 November 2016 to Friday, 11 November 2016 (both dates inclusive), will be at their own risk and if they are in any doubt about their position, they should consult their own professional advisers.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under The Hong Kong Code on Takeovers and Mergers
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business and on which the Stock Exchange is open for normal trading, other than a Saturday or a Sunday or a public holiday or a day on which a “black” rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CB Subscription Agreement”	the agreement dated 20 September 2016 entered into between the Company and Fame Select in relation to the subscription of the Convertible Bonds by Fame Select
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Sun Century Group Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1383)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.26 per Conversion Share
“Conversion Shares”	new Shares to allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds

“Convertible Bonds”	the two-year zero coupon convertible bonds in the aggregate principal amount of HK\$570,000,000 to be issued by the Company to Fame Select
“Debt Restructuring”	the replacement of the Loan by the issue of the Convertible Bonds
“Deed of Set-Off”	the deed of set-off to be entered into between the Company and Fame Select in respect of the set-off of the balance of the Loan on a dollar-for-dollar basis against the total subscription price payable by Fame Select in respect of the subscription of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EAF”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement
“Fame Select”	Fame Select Limited, a company incorporated in the BVI with limited liability, which is interested in 861,048,842 Shares, representing approximately 57.31% of the existing issued share capital of the Company, and the Controlling Shareholder as at the date of this announcement
“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 Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John, which will be established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement and the CB Subscription Agreement
“Independent Shareholders”	Shareholders other than Fame Select, Mr. Chau, Mr. Cheng Ting Kong, Ms. Yeung So Mui and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Irrevocable Undertaking”	the irrevocable undertaking given by Fame Select pursuant to the Underwriting Agreement
“Last Trading Day”	20 September 2016, being the last trading day immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 16 November 2016 or such other date as may be agreed between the Company and the Underwriters in writing, being the last day for acceptance of and payment for the Rights Issue
“Latest Time for Termination”	4:00 p.m. on the third Business Day following (but excluding) the date of the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate amount of the loan together with the interests accrued thereon owed by the Company to Fame Select, which as at the date of this announcement includes the principal amount of HK\$525,374,700 and the accrued interests of HK\$44,091,473
“Macau”	the Macau Special Administrative Region of the PRC

“Mr. Chau”	Mr. Chau Cheok Wa, the Chairman of the Company, an executive Director, and the Controlling Shareholder
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“PAL”	the provisional allotment letter(s) to be despatched to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	the Shareholders, whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 1 November 2016, being the record date to determine entitlements to the Rights Issue, or such later date as may be agreed between the Company and the Underwriters in writing
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the issue of the Rights Shares at the Subscription Price on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date

“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue, being not less than 4,506,944,175 Shares (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including Record Date) and not more than 4,803,587,904 Shares (assuming full exercise of all outstanding Share Options but no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement and the Underwriting Agreement up to and including the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company conditionally adopted by the Company on 31 January 2007
“Share Options”	the share options of the Company granted pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.20 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	Fame Select and VMS Securities
“Underwriting Agreement”	the underwriting agreement dated 20 September 2016 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares, other than the 2,583,146,526 Rights Shares undertaken to be taken up by Fame Select pursuant to the Irrevocable Undertaking

“Untaken Shares”	any of the Underwritten Shares not taken up by the Qualifying Shareholders under the Rights Issue on or before the Latest Time for Acceptance
“VMS Securities”	VMS Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 20 September 2016

For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB in this announcement are translated at the exchange rate of RMB1 = HK\$1.17. This does not necessarily imply that HK\$ could be converted into RMB, or vice versa, at such exchange rate.

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.