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世纪阳光

世紀陽光集團控股有限公司
CENTURY SUNSHINE GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 509)

SUBSCRIPTION OF NEW SHARES

SUBSCRIPTION OF NEW SHARES

On 28 January 2014, the Subscription Agreement was entered into among the Company and IFC, pursuant to which IFC has agreed to subscribe for an aggregate of 155,077,000 fully paid Subscription Shares at HK$0.75 per Subscription Share, subject to the conditions of the Subscription Agreement.

The Subscription Shares represent approximately 5.96% of the issued share capital of the Company as at the date of this announcement and approximately 5.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 8 May 2013. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

As the Subscription is subject to the fulfillment (or waiver) of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

The gross proceeds and net proceeds from the Subscription are estimated to be approximately HK$116 million and HK$114 million respectively.

THE SUBSCRIPTION

On 28 January 2014, the Company and IFC entered into the Subscription Agreement, the principal terms of which are set out below.

Subscriber: IFC

Issuer: The Company

Number of Subscription Shares:

The Company has agreed to allot and issue and IFC has agreed to subscribe for 155,077,000 new Shares, which represents approximately 5.96% of the issued share capital of the Company as at the date of this announcement and approximately 5.63% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares under the Subscription.

Subscription price:

HK$0.75 per Subscription Share.

The price for the Subscription was agreed after arm's length negotiations between the Company and IFC with reference to the 3-month volume weighted average trading price of the Shares prior to 16 January 2014 with a discount of 5%. The price for the Subscription represents (i) a discount of approximately 9.64% to the closing price of HK$0.83 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; (ii) a discount of approximately 11.76% to the average closing price of HK$0.85 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.71% to the average closing price of HK$0.84 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Directors (including the independent non-executive Directors) are of the opinion that the price for the Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 8 May 2013. The Company is authorised to issue 510,288,666 Shares under such mandate. As at the date of this announcement, the Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Subscription. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

Ranking:

The Subscription Shares will, when fully paid, rank pari passu among themselves and with all other Shares in issue as at the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of the Subscription Agreement.

Lock-up period of the Subscription Shares:

There will be no lock-up period for the Subscription Shares.

Conditions of the Subscription:

The Subscription is conditional upon, among others:

(a) the Listing Committee having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange;

(b) since the date of 31 December 2012, nothing has occurred which has or would reasonably be expected to have a Material Adverse Effect;

(c) the Transaction Documents having been duly entered into by the parties thereto;

(d) the representations and warranties made by the Company in the Subscription Agreement remain true, accurate and not misleading;

(e) all of the agreements and covenants of the Company and any party (other than IFC) to be performed prior to the Subscription pursuant to each Transaction Document having been duly performed in all material respects and no material breach under any Transaction Document having occurred and continuing;

(f) a certified copy of the resolutions of the Board, in form and substance satisfactory to IFC, approving the terms of the Subscription, the Company's entry into the Transaction Documents and the completion of the transactions contemplated thereunder being delivered by the Company to IFC;

(g) IFC having received payment for, or reimbursement of all fees and expenses of IFC, and the invoiced fees and expenses of its counsel, as provided in the Subscription Agreement;

(h) a certified copy of the resolutions of the board of directors of Alpha Sino, in form and substance satisfactory to IFC, approving the terms of the Policy Agreement, the entry by Alpha Sino into the Policy Agreement and the transactions contemplated thereunder being delivered to IFC;

(i) the Company having fulfilled the specific requirements by IFC in respect of social and environmental measures, monitoring and reporting matters;

(j) there having been no trading halt or suspension, delisting or withdrawal of the Shares on the Stock Exchange and none of the same being pending or threatened by the Stock Exchange;

but IFC may waive all or any of the conditions of the Subscription (other than the condition set out in (a) above) by notice in writing to the Company.

IFC may, by written notice to the Company, cancel the right of the Company to request IFC to subscribe for the Subscription Shares, under any of the following circumstances, among others:–

(a) if at any time anything has occurred which has or may reasonably be expected to have a Material Adverse Effect;

(b) if the Company has breached the Subscription Agreement and such breach is incapable of cure or, has not been cured by the Company within thirty (30) days;

(c) if any party to a Transaction Document (other than IFC) fails to observe or perform any of its obligations under that Transaction Document;

(d) if at any time, (i) there is a change in control of the Company or any of its subsidiaries, or (ii) any transaction is entered into by the Company or any of its subsidiaries, that would require approval of the Shareholders under the Listing Rules; or

(e) in any case, at any time on or after 28 July 2014.

Upon such termination all rights and obligations of the parties to the Subscription Agreement shall terminate (except for the surviving terms) save for all rights and obligations of the parties which have accrued before termination of the Subscription Agreement.

Pre-completion undertakings by the Company:

The Company has undertaken to IFC, among others, that prior to the completion of the Subscription, it shall not, without the prior written consent of IFC, increase, issue or repurchase any share capital of the Group, alter the capital structure of the Group or declare, pay or make a dividend or distribution.

Completion of the Subscription:

Subject to the terms of the Subscription Agreement and the satisfaction (or waiver by IFC) of the conditions of the Subscription, (i) the Company may request IFC to subscribe for the Subscription Shares by delivering to IFC the Subscription Notice; or (ii) IFC may subscribe for the Subscription Shares by delivering a Subscription Notice to the Company, in each case at least 5 Business Days prior to the date of completion of the Subscription.

IFC shall pay the Subscription Amount to the Company in immediately available funds on the date of completion of the Subscription.

Policy Agreement

As a condition of the Subscription Agreement, the Company, Alpha Sino, Mr. Chi and IFC entered into the Policy Agreement on 28 January 2014.

Pursuant to the Policy Agreement, the Company has given certain covenants and undertakings to IFC in respect of, among others, social and environmental sustainability, insurance coverage and restrictions against sanctionable and corrupt practices. The Company will also have certain reporting and disclosure obligations in relation to the compliance by the Company of IFC's policy reporting covenants including, among others, litigation, investigations or proceedings which have or may reasonably be expected to have a Material Adverse Effect, incidents or circumstances which could have a material social and/or environmental impact, criminal investigations, and certain social, labour, health and safety, security or environmental matters.

The Company has further undertaken that it shall:

(i) maintain directly or indirectly, not less than, 30% of the legal and beneficial ownership of Baishan Tianan's paid-up equity capital free from all Prohibited Transfers (other than a Permitted Lien or in a transaction in favor of IFC);

(ii) ensure that it and its Affiliates, as a group, remain as the single largest owner of Baishan Tianan's paid-up equity capital; and

(iii) maintain the power to elect, and have elected, at least the majority of the members of Baishan Tianan's board of directors.

Share retention undertakings by Mr. Chi and Alpha Sino:

Mr. Chi has undertaken to maintain directly or indirectly, not less than 30% of the legal and beneficial ownership of the Company's issued share capital free from all Prohibited Transfers (other than a Permitted Lien or in a transaction in favor of IFC).

Alpha Sino has undertaken to maintain directly, not less than 30% of the legal and beneficial ownership of the Company's issued share capital free from all Prohibited Transfers (other than a Permitted Lien or in a transaction in favor of IFC).

The Policy Agreement shall become effective as of the date on which IFC first subscribes for the Subscription Shares and shall continue in force until such time as IFC no longer holds any shares of the Company or Share Equivalents.

CHANGES TO SHAREHOLDING AS A RESULT OF THE SUBSCRIPTION

The shareholding in the Company (a) as at the date of this announcement; (b) immediately after completion of the Subscription (assuming no further Shares will be issued or repurchased prior to completion of the Subscription) are as follows:

Shareholders	**As at the date of this announcement**		**Immediately after completion of the Subscription**	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*
Mr. Chi and Alpha Sino *(Note 1)*	1,102,534,180	42.39	1,102,534,180	40.01
Mr. Shum Sai Chi	7,311,940	0.28	7,311,940	0.26
Ms. Chi Bi Fen	7,625,000	0.29	7,625,000	0.28
Mr. Yang Yuchuan *(Note 2)*	252,393,170	9.70	252,393,170	9.16
Public Shareholders				
IFC	–	–	155,077,000	5.63
Other Shareholders	1,230,806,578	47.34	1,230,806,578	44.66
Total	2,600,670,868	100.00	2,755,747,868	100.00

Note 1: *933,792,930 Shares are held by Alpha Sino and are deemed corporate interests by virtue of Mr. Chi's holding of 83.74% of the issued share capital of Alpha Sino which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Alpha Sino.*

Note 2: *Mr. Yang Yuchuan has interest in an aggregate of 252,393,170 Shares of which (a) 22,795,949 Shares are beneficially owned by his spouse, Ms. Lao Min, and registered in her name; and (b) 229,597,221 Shares are deemed corporate interests by virtue of his holding of 47.17% of the issued share capital of Best Equity Holdings Limited ("Best Equity") which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Best Equity.*

As disclosed in the above shareholding table, immediately after the completion of the Subscription, over 25% of the then issued share capital of the Company will be held by public Shareholders (including IFC).

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to increase working capital of the Group and to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Subscription Agreement and the Policy Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

The gross and net proceeds from the Subscription are estimated to be approximately HK$116 million and HK$114 million respectively.

The Company intends to utilise the entire net proceeds as general working capital of the Group.

GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in diverse yet vertically integrated business activities including research and development, production, and distribution of magnesium alloys and ecological fertilisers.

INFORMATION ON IFC

IFC is a member of the World Bank Group established in 1956 to foster sustainable economic growth in developing countries by supporting private sector development, mobilizing capital for private enterprises, and providing advisory and risk mitigation services to businesses and governments. IFC is an international organisation established by Articles of Agreement among its member countries.

IFC is independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Saved for Shares issued under Share Option Scheme, the Company did not have any equity fund-raising activity in the past 12 months immediately preceding the date of this announcement.

APPLICATION FOR LISTING

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

MISCELLANEOUS

In the event of inconsistency, the English texts of this announcement shall prevail over the Chinese texts.

DEFINITIONS

The following defined terms are used in this announcement:

"Affiliate"	entity in which the Company or its subsidiaries directly or indirectly own more than thirty per cent (30%) of its voting share capital or a person or entity who directly or indirectly own more than thirty per cent (30%) of the voting share capital of the Company or any of its subsidiaries
"Alpha Sino"	Alpha Sino International Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company
"Baishan Tianan"	Baishan City Tianan Magnesium Resources Co., Ltd (白山市天安金屬鎂礦業有限公司), a wholly foreign-owned entity incorporated under the laws of the PRC and a subsidiary of the Company
"Board"	the board of Directors
"Business Day"	means any day on which banks are open for business in Hong Kong and New York
"Company"	Century Sunshine Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFC"	International Finance Corporation, an international organisation established by Articles of Agreement among its member countries
"Last Trading Day"	27 January 2014, being the last trading day for the Shares immediately prior to the date of the Subscription Agreement

"Lien"	means any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of law
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Material Adverse Effect"	a material adverse effect on: (a) the assets or properties of the Company or any of its key subsidiaries or the Group as a whole; (b) the business prospects or financial condition of the Company or any of its key subsidiaries or the Group as a whole; (c) the carrying on of the business or operations of the Company or any of its key subsidiaries or the Group as a whole; or (d) the ability of the Group to comply with its obligations under the Subscription Agreement, and the Policy Agreement or the memorandum of association and articles of association of each member of the Group
"Mr. Chi"	Mr. Chi Wen Fu, the controller of Alpha Sino and the chairman and executive director of the Company
"Permitted Lien"	means, with respect to any equity securities (or share capital or other interest through which the equity securities are owned indirectly), a Lien granted thereon in favor of a financial institution which is a creditor pursuant to a bona fide financing transaction between that financial institution and any of Mr. Chi, Alpha Sino or the Company, provided that Mr. Chi, Alpha Sino or the Company shall have promptly notified IFC in writing setting out reasonable details of that financing transaction and that Lien prior to the consummation or incurrence, as the case may be, thereof

"Policy Agreement"	the agreement dated 28 January 2014 entered into between the Company, Alpha Sino, Mr Chi and IFC under which each of the Company, Alpha Sino and Mr. Chi has agreed to perform certain obligations
"PRC"	the People's Republic of China, (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
"Prohibited Transfers"	means, with respect to any equity securities (or share capital or other interest through which the equity securities are owned indirectly), a Lien, grant of an option, conditional sale, conditional transfer or other conditional disposition over such equity securities (or share capital or other interest through which the equity securities are owned indirectly);
"Share(s)"	ordinary share(s) of HK$0.02 in the capital of the Company
"Share Equivalents"	instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase, ordinary shares of the Company or any instrument or certificate representing a beneficial ownership interest in the ordinary shares of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares by IFC pursuant to the Subscription Agreement
"Subscription Agreement"	a subscription agreement dated 28 January 2014 and made between IFC and the Company regarding the Subscription
"Subscription Amount"	means total subscription money for the Subscription Shares in the sum of HK$116,307,750
"Subscription Notice"	the notice to be issued by the Company or IFC (as the case may be) in the form set out in the Subscription Agreement
"Subscription Shares"	a total of 155,077,000 new Shares
"Transaction Documents"	means the Subscription Agreement and the Policy Agreement

"World Bank Group"	The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world
"%"	per cent.

By Order of the Board of
Century Sunshine Group Holdings Limited
Chi Wen Fu
Chairman

Hong Kong, 28 January 2014

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:	Mr. Chi Wen Fu, Mr. Shum Sai Chi, Ms. Chi Bi Fen and Mr. Yang Yuchuan
Non-executive Director:	Mr. Guo Mengyong
Independent non-executive Directors:	Mr. Kwong Ping Man, Mr. Liu Hoi Keung and Mr. Sheng Hong