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世紀陽光

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)

DISCLOSEABLE TRANSACTION

ISSUANCE OF REDEEMABLE FIXED COUPON EXCHANGEABLE BOND

THE SUBSCRIPTION AGREEMENT

On 26 April 2016 (after trading hours), the Company, as issuer, Wan Tai Investments Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited, as investor, and Mr. Chi, as obligor, entered into the Subscription Agreement. The principal terms of the Subscription Agreement are set out below:

Parties:

- (1) Wan Tai Investments Limited (an Independent Third Party) as investor
- (2) The Company as issuer
- (3) Mr. Chi as obligor

Conditional Subscription:

Subject to the satisfaction or (where appropriate) waiver of the conditions precedent set out in the Subscription Agreement, the Investor agreed to subscribe in cash for, and the Company agreed to issue, the Exchangeable Bond in an aggregate principal amount of HK\$232,000,000.

Conditions Precedent:

The closing of the Subscription is conditional upon the satisfaction or (where appropriate) waiver of, among others, the following conditions precedent:

- (a) the respective representations and warranties made by the Company and Mr. Chi in the Subscription Agreement being true, complete accurate in all material respects and not misleading and the Company, Mr. Chi and Ming Xin having performed all of their respective obligations under the Transaction Documents to be performed on or before the date of closing of the Subscription;
- (b) there being no happening of events which have a Material Adverse Effect;

The Investor may, in its absolute discretion, waive any or all of the above conditions as the Investor may deem fit. If the above conditions are not fulfilled (or waived as aforesaid) on or before 6 May 2016 or such later date as may be agreed in writing between the Company and the Investor, the Subscription Agreement shall automatically terminate.

Undertakings in relation to Mr. Chi:

For the period between the date of the Subscription Agreement and the date of closing of the Subscription, Mr. Chi shall remain as chairman and director of the Company and shall directly or indirectly hold not less than 30% of all issued shares in the Company.

Closing:

Closing of the Subscription shall take place on the same business day of the fulfilment or waiver (as the case may be) of all conditions precedent set out in the Subscription Agreement.

Use of the subscription price:

The Company undertakes that the subscription price of the Exchangeable Bond shall be used for expansion of the fertiliser business and magnesium product business of the Group.

Termination:

The Investor may, by written notice to the Company and Mr. Chi, terminate the Subscription Agreement at any time before the date of closing of the Subscription in, among others, any of the following circumstances:

- (a) if there is any breach of, or any event rendering untrue, incomplete, inaccurate or misleading in any material respect, any of the warranties and representations of the Company and Mr. Chi contained in the Subscription Agreement; or
- (b) if there is any breach of any covenant or agreement in the Transaction Documents, including without limitation, any pre-closing undertaking by the Company or Mr. Chi.

Supplemental Deed

Pursuant to the Subscription Agreement, the Company shall procure Ming Xin to enter into a supplemental deed with CCBIS and the Investor (the “**Supplemental Deed**”).

The Supplemental Deed shall be terminated automatically on the date on which the Exchangeable Bond has been fully redeemed and/or exchanged.

PRINCIPAL TERMS OF THE EXCHANGEABLE BOND

The principal terms of the Exchangeable Bond are set out below:

Issuer: The Company

Principal amount: HK\$232,000,000

Issue price: 100% of the principal amount

Maturity Date:

The Exchangeable Bond shall have a term of 3 calendar years (the “**Term**”) commencing from (and including) the date of the Bond Instrument.

The Term shall, upon prior notice in writing by the holder of the Exchangeable Bond to the Company at least 60 calendar days in advance, be extended for another 1 calendar year from the last day of the Term (the “**Extended Term**”).

Status:

The Exchangeable Bond constitutes direct, unsubordinated, unconditional and unsecured obligations of the Company and the Exchangeable Bond shall at all times rank *pari passu* in all respects and without any preference or priority among themselves. The payment obligations of the Company under the Exchangeable Bond shall at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and secured obligations. No application will be made for the listing of the Exchangeable Bond on the Stock Exchange or any other stock exchange.

Interest:

The Exchangeable Bond shall bear interest on the outstanding principal amount from and including the date of the Bond Instrument up to (and including) (a) the Maturity Date, or if earlier, (b) exercise by the holder of the Exchangeable Bond of the Exchange Rights or the redemption rights in respect of the Exchangeable Bond in full, at the interest rate of 8% per annum (“**Interest Amount**”), payable in arrears every 6 calendar months from the date of the Bond Instrument.

If the holder of the Exchangeable Bond exercises the Exchange Rights, the Rebate Amount (as defined below) will be deducted from the principal outstanding amount of the Exchangeable Bond to be exchanged. As such, the interest rate of the Exchangeable Bond upon the exercise of the Exchange Rights, after the full deduction of the Rebate Amount, will be 4.5% per annum for the period commencing from the date of the Bond Instrument and ending on the exchange date.

Exchange rights:

Subject to and upon compliance with, the provisions of the Bond Instrument and any applicable laws, the Exchange Rights may be exercised, at the option of the holder of the Exchangeable Bond, at any time and from time to time during the period from the date of the Bond Instrument up to and including the earlier of:

- (a) the Maturity Date, if the holder of the Exchangeable Bond delivers an exchange notice exercising the Exchange Rights at least 30 calendar days immediately preceding the Maturity Date; or
- (b) the 30th calendar day immediately following the date of delivery of a Submission Notice or an Agreement Notice by the Company to the holder of the Exchangeable Bond.

The number of the China Rare Earth Shares transferrable to the holder of the Exchangeable Bond upon its exercise of the Exchange Rights shall be determined by the following formula (the “**Exchange Formula**”):

$$\frac{\text{(principal amount of Exchangeable Bond to be exchanged – Rebate Amount)}}{\text{China Rare Earth Valuation}} \times \text{the aggregate number of the China Rare Earth Shares in issue as at the exchange date}$$

Where:

“**China Rare Earth Valuation**” means the value of China Rare Earth calculated based on the profits attributable to shareholders in the audited financial statements of China Rare Earth for the financial year ending 31 December 2016 and a price/earnings ratio of 7.5 times.

“**Rebate Amount**” means 43.75% of any Interest Amount (where such Interest Amount has been accrued and fully paid by the Company and received in full by the holder of the Exchangeable Bond) with respect to the outstanding principal amount of the Exchangeable Bond to be exchanged from time to time.

PROVIDED ALWAYS THAT the number of the China Rare Earth Shares transferrable to the holder of the Exchangeable Bond determined based on the Exchange Formula shall not exceed 11% of the total number of the China Rare Earth Shares in issue as at the date of the exercise of the Exchange Rights.

In connection with the Listing, if the Company has issued an Agreement Notice and the holder of the Exchangeable Bond serves an exchange notice, the Company shall transfer or procure the transfer of the Relevant Number (as defined below) of the Listco Shares (instead of the China Rare Earth Shares) within 3 business days after the date of completion of the Listing.

“**Relevant Number**” means $(A \times E) \div (B \times D \div C)$

where:

- A = number of the China Rare Earth Shares transferrable to the holder of the Exchangeable Bond determined by the Exchange Formula
- B = the total number of the China Rare Earth Shares to be sold by the Company and/or any of its subsidiaries (as applicable) under the Listing
- C = the total amount of consideration (including both consideration settled by cash (if any) and issue of Listco Shares) payable by the Listco and/or any of its subsidiaries to the Company and/or any of its subsidiaries for the acquisition of the China Rare Earth Shares from the Company and/or any of its subsidiaries under the Listing
- D = the total amount of consideration which is to be settled by issue of Listco Shares and to be payable by the Listco and/or any of its subsidiaries for the acquisition of the China Rare Earth Shares from the Company and/or any of its subsidiaries under the Listing
- E = total number of Listco Shares to be issued by the Listco as consideration shares under the Listing

In connection with the Listing of the Listco Shares (instead of the China Rare Earth Shares), if the Company issues a Submission Notice and the holder of the Exchangeable Bond serves an exchange notice, the Company shall transfer or procure the transfer of the Relevant Number (IPO) of the Listco Shares (instead of the China Rare Earth Shares) to the holder of the Exchangeable Bond on or before Listing.

“**Relevant Number (IPO)**” means the number of Listco Shares (the “**Swapped Listco Shares**”) for which the number of the China Rare Earth Shares as determined in accordance with the Exchange Formula have been exchanged during the reorganisation process for the IPO (including any additional Listco Shares issued by way of capitalisation of profit or reserve (if any) to shareholders of Listco in respect of the Swapped Listco Shares prior to completion of the Listing).

If after a Submission Notice or an Agreement Notice has been issued by the Company, and completion of the Listing does not take place for any reason, unless the holder of the Exchangeable Bond specifies otherwise in writing, the exchange notice (if previously delivered by the holder of the Exchangeable Bond) shall automatically be revoked without any further consent or approval from the Company and the holder of the Exchangeable Bond shall have the right to continue to hold any portion of the Exchangeable Bond outstanding.

Events of default:

If, among others, any of the following events occurs, the holder of the Exchangeable Bond shall be entitled to require the Company, to redeem the entire principal amount of the Exchangeable Bond not yet exchanged according to the terms of the Bond Instrument:

- (a) the Company fails to transfer or procure the transfer of the required number of the China Rare Earth Shares or the Listco Shares (as the case may be) as and when such shares are required to be transferred to the holder of the Exchangeable Bond following its exercise of the Exchange Rights;
- (b) the Company fails to pay any amount which falls due in accordance with the Transaction Documents (including but not limited to the interest payment and the payment upon maturity or redemption of the Exchangeable Bond);
- (c) Mr. Chi directly or indirectly holds less than 30% of all issued shares in the Company or fails to remain as the chairman and director of the Company; or
- (d) other events of default (e.g. the holder(s) of encumbrance has taken possession of the assets; indebtedness is not paid upon maturity; non-compliance to certain financial ratios, etc.) leading to a material adverse effect on the Company or any of its principal subsidiaries.

Transferability:

The holder of the Exchangeable Bond may with the prior written consent of the Company transfer all or some of the Exchangeable Bond to any third party at any time.

REASON FOR THE EXCHANGEABLE BOND ISSUE AND USE OF SUBSCRIPTION PRICE

The Directors is of the view that the raising of funds by the issuance of the Exchangeable Bond is justifiable considering the recent market conditions as it represents an opportunity for the Company to further enrich its working capital and strengthen its capital base. In addition, the option for the exchange of China Rare Earth Shares will introduce potential professional investors to the Group and will enhance the shareholders structure of China Rare Earth.

The Directors consider that the terms and conditions of the Transaction Documents (including the subscription price of the Exchangeable Bond) are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Company intends to use the subscription price from the Exchangeable Bond Issue for expansion of the fertiliser business and magnesium product business of the Group.

GENERAL INFORMATION

The Company is an investment holding company and the Group is principally engaged in fertiliser business, magnesium product business, metallurgical flux business and electronic product business.

INFORMATION ABOUT CHINA RARE EARTH

China Rare Earth, a company incorporated under the laws of Hong Kong, is an indirect non-wholly owned subsidiary of the Company (which 87.95% of its entire issued shares is owned by the Group as at the date of this announcement). China Rare Earth and its subsidiaries (collectively referred to as “**China Rare Earth Group**”) are principally engaged in manufacturing and sale of magnesium-related products.

According to the audited consolidated financial statements of China Rare Earth Group, the financial results of China Rare Earth Group for the two years ended 31 December 2014 and 2015 are as follows:

	For the year ended 31 December 2014 (HK\$'000)	For the year ended 31 December 2015 (HK\$'000)
Revenue	696,904	760,502
Profit before tax	203,906	240,355
Profit after tax	155,047	182,886

The net asset value of China Rare Earth Group as at 31 December 2015 was approximately HK\$622,674,000.

FINANCIAL EFFECTS OF THE DISPOSAL

Any gain or loss to be recorded in the consolidated statement of profit or loss and other comprehensive income of the Group arising from the possible disposal of interest in China Rare Earth upon the full exercise of the Exchange Rights by the Investor will depend on, amongst others, the net asset value of China Rare Earth as at the date of exchange and the actual sum of the China Rare Earth Valuation. As such, the exact financial effects of such full exchange of the Exchangeable Bond are not ascertainable until the date of exercise of the Exchange Rights by the holder of the Exchangeable Bond.

INFORMATION ON THE INVESTOR

The Investor is an indirectly and wholly owned subsidiary of CCB International (Holdings) Limited (“**CCBI**”). CCBI is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiry, the Investor and CCBI are Independent Third Parties of the Company.

LISTING RULES IMPLICATIONS

Upon completion of the Exchangeable Bond Issue and on the assumption that China Rare Earth Shares are exchanged by the holder of the Exchangeable Bonds, the holder of the Exchangeable Bonds will obtain interest in China Rare Earth upto 11% of its total share capital. Accordingly, the Company will be deemed to dispose 11% interests in the total share capital of China Rare Earth. The Exchangeable Bond Issue constitutes a disposal of interest in China Rare Earth by the Company under the Listing Rules.

As the applicable percentage ratios in respect of the transaction contemplated under the Subscription Agreement exceed 5% but are less than 25%, the Subscription Agreement and the Exchangeable Bond Issue constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Subscription Agreement and the Exchangeable Bond Issue are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Subscription Agreement is subject to the satisfaction and/or (where appropriate) waiver of the conditions precedent specified therein. In addition, the Subscription Agreement may be terminated in certain circumstances specified under the Subscription Agreement. Please refer to the paragraph headed “The Subscription Agreement” above for further information. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

MISCELLANEOUS

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

DEFINITION

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Agreement Notice”	a written notice given by the Company to the holder of the Exchangeable Bond to the effect that a legally binding agreement (whether conditional or unconditional) for the sale and purchase of all the China Rare Earth Shares (or the shares in another member of the Group) directly or indirectly held by the Company from time to time, pursuant to which Listco Shares will be issued as consideration (or part thereof) for such purchase of such shares by Listco, the completion of which will achieve a Listing (other than an IPO), has been entered into by the Company and/or its subsidiaries
“Board”	the board of Directors
“Bond Instrument”	the instrument constituting the Exchangeable Bond
“CCBIS”	CCB International Securities Limited

“China Rare Earth”	China Rare Earth Magnesium Technology Holdings Limited, a company incorporated under the laws of Hong Kong and an indirect non-wholly owned subsidiary of the Company (which 87.95% of its entire issued shares is owned by the Company as at the date of this announcement)
“China Rare Earth Shares”	the ordinary shares of China Rare Earth or shares of any class or classes resulting from any subdivision or consolidation of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of China Rare Earth
“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
“Exchangeable Bond”	the redeemable fixed coupon exchangeable bond in the aggregate principal amount of HK\$232,000,000 to be issued by the Company pursuant to the Bond Instrument
“Exchangeable Bond Issue”	issue of the Exchangeable Bond contemplated under the Subscription Agreement and in accordance with the terms of the Bond Instrument
“Exchange Rights”	the rights of the holder of the Exchangeable Bond to exchange the principal amount of the Exchangeable Bond, subject to the deduction of the Rebate Amount (if any), into the China Rare Earth Shares or the Listco Shares (as applicable)
“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
“Independent Third Party”	third party independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“IPO”	the listing of shares on the Stock Exchange or other eligible exchange by way of an initial public offering or introduction in relation to the magnesium product business carried on by the principal subsidiaries of the Company

“Listco”	a member of the Group (other than China Rare Earth) or any other company as may be approved by the holder of the Exchangeable Bond in writing whose issued shares (in respect of a Listing other than IPO) are or (in respect of an IPO) will upon completion of the Listing be listed on the Stock Exchange or other eligible exchange
“Listco Shares”	shares of the Listco
“Listing”	an IPO and/or achieving the effect of listing of shares by way of “reverse takeover” and/or “very substantial acquisition/disposal” (all as defined in the Listing Rules) and/or private placement/offering to potential investors in relation to the magnesium product business carried on by the principal subsidiaries of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	(a) material adverse effect on (i) the financial and operational condition or on the earnings, business, prospects, assets or liabilities of the Group (taken as a whole); or (ii) the ability of the Company to perform its obligations under the Transaction Documents or (b) an event or circumstances which has or is reasonably likely to have a material adverse effect mentioned in (a)(i) above, as the case may be
“Maturity Date”	the last day of the Term or the Extended Term (as the case may be)
“Ming Xin”	Ming Xin Developments Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Mr. Chi”	Mr. Chi Wen Fu, the chairman and executive director of the Company and a controlling shareholder (as defined in the Listing Rules) of the Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Submission Notice”	a written notice given by the Company to the holder of the Exchangeable Bond to the effect that the Company has submitted a proposal for the separate listing of all the China Rare Earth Shares directly or indirectly held by the Company from time to time (or all the Listco Shares directly or indirectly held by the Company from time to time) to the eligible exchange pursuant to the relevant listing rules of such eligible exchange
“Investor”	Wan Tai Investments Limited, a business company incorporated in the British Virgin Islands with limited liability and an indirectly and wholly-owned special purpose vehicle of CCB International (Holdings) Limited
“Subscription”	the subscription of the Exchangeable Bond by the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	a subscription agreement dated 26 April 2016 entered into between the Investor, the Company and Mr. Chi regarding the Subscription
“Transaction Documents”	the Bond Instrument, the Subscription Agreement and the Supplemental Deed collectively
“%”	per cent.

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

Hong Kong, 26 April 2016

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. Sheng Hong and
Mr. Lau Chi Kit*