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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)

GroupSense 權智集團

GROUP SENSE (INTERNATIONAL) LIMITED
權智(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 601)

VERY SUBSTANTIAL DISPOSAL

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS

JOINT ANNOUNCEMENT

COMPLETION OF REORGANISATION PLAN INVOLVING DIRECT AND INDIRECT SHAREHOLDINGS IN CHINA RARE EARTH MAGNESIUM TECHNOLOGY HOLDINGS LIMITED

References are made to (i) the joint announcement (the "**Joint Announcement**") dated 1 September 2017 made by Century Sunshine Group Holdings Limited ("**Century Sunshine**", together with its subsidiaries as the "**CS Group**") and Group Sense (International) Limited ("**Group Sense**", together with its subsidiaries as the "**GS Group**"); (ii) the circular of Century Sunshine dated 27 October 2017; and (iii) the circular of Group Sense dated 27 October 2017 in relation to, among other things, the proposed plan of Reorganisation, pursuant to which the magnesium business of Century Sunshine held by CRE is to be transferred to Group Sense so that all of Century Sunshine's interests in its magnesium business will be held through Group Sense to allow better delineation of the businesses of the CS Group and the GS Group. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Joint Announcement.

The respective CS Board and GS Board are pleased to announce that Completion took place on 30 November 2017 and 3,269,919,980 CIIL Consideration Shares and 430,080,020 WU Consideration Shares have been allotted and issued at an issue price of HK$0.4 per GS Share to Ming Xin (as nominee of CIIL) and Win Union respectively, and the Convertible Bond in the principal amount of HK$420,000,000 has been issued to Ming Xin on 30 November 2017. Accordingly, immediately after Completion, Group Sense has 6,574,390,058 GS Shares in issue and each of Century Sunshine and Win Union is interested in approximately 72.42% and 6.54% of GS Shares in issue respectively.

The Reorganisation is a milestone in the business history of Century Sunshine and Group Sense.

Century Sunshine

Century Sunshine remains the holding company of Group Sense (including the Target Group) and continues to focus on its fertiliser business (together with the metallurgical flux business) after Completion.

Century Sunshine has a long operating history of agricultural fertilisers production in the PRC with strong national brand recognition including "Le He He (樂呵呵)", "Feng Shou (豐收)", "Zhan Lan (湛藍)", "Yanyangtian (艷陽天)" and "Dongfanghong (東方紅)". It has three production bases located at Jiangsu, Jiangxi and Shandong respectively. With the existing annual capacity of 850,000 tonnes at its production base in Jiangsu Province and the gradual release of the expected annual capacity of 1,400,000 tonnes at the production base in Jiangxi Province, along with the official incorporation of Shandong Hongri, a leading brand of sulphur compound fertiliser into the CS Group in 2017, the CS Board believes that the fertiliser production capacity of the CS Group will be increased to more than 3,000,000 tonnes with sales market covering Northern, Central and Southern China.

Pursuant to the "Guidance on Promoting the Restructuring and Development of Fertiliser Industry (《推進化肥行業轉型發展的指導意見》)" issued by the Ministry of Industry and Information Technology in the PRC, the utilisation of the new type of fertilisers in China is expected to increase from less than 10% at present to 30% by 2020, creating a massive market space for the green and ecological new fertilisers business of the CS Group.

With the production capacity expansion in the Group's fertilisers production bases, the progressing agricultural modernization in the PRC, government's support for green industry and the growing demand for ecological compound and organic fertilisers, the CS Board believes that its fertiliser business will enjoy more rapid growth and significant development in the foreseeable future.

CS Group owns quality serpentine reserves which is not only a key raw material to produce fertilisers, but is also an indispensable source of auxiliary material for iron and steel smelting (i.e. metallurgical flux business). CS Group sells a manageable amount of serpentine to major domestic steel enterprises for continuous and stable income.

Group Sense

Following Completion, Century Sunshine's interest in CRE and its principal operating subsidiary, Baishan Tianan, has been transferred to Group Sense and Group Sense will specialise in magnesium operations with two production bases in Baishan (Baishan Tianan) and Xinjiang (Xinjiang Tengxiang) in addition to the electronic products business.

Baishan Tianan is one of the leading magnesium alloy producers in the PRC specialising in the research and development of rare earth magnesium alloys with planned and existing production capacity of 75,000 and 25,000 tonnes respectively. Xinjiang Tengxiang has government approved 100,000-tonne production capacity and it is expected to achieve production capacity of 45,000 tonnes in 2018. The GS Board believes that the official incorporation of CRE into the GS Group will facilitate the GS Group to develop an integrated flagship platform driving the rapid development of its magnesium business.

According to the 有色金屬工業發展規劃(2016-2020年) ("Non-ferrous Metal Industry Development Plan (2016-2020)*", the "**Plan**") published by the Ministry of Industry and Information Technology of the PRC on 29 September 2016, the non-ferrous metal industry is one of the essential fundamental industries in manufacturing sector and the Thirteenth Five Year Period (i.e. from 2016 to 2020) is the key period for the non-ferrous metal industry of the PRC to grow to a leading position in the world. Under the Plan, magnesium is regarded as the only non-ferrous metal among ten common non-ferrous metals which will continue to grow at a high rate during the Thirteenth Five Year Period due to the industry transformation and the flourish development in the emerging industries including new materials, energy saving and environmental protection, high-end equipment manufacturing and new energy vehicles, etc. The Plan forecasted that by 2020, the industry consumption for magnesium is expected to reach 750,000 tonnes, representing a compound annual growth rate ("**CAGR**") of approximately 7.1% as compared to 2015. The industry output of magnesium is expected to reach 1,300,000 tonnes by 2020. The Plan promotes the development of magnesium industry, demonstrates PRC's recognition of the future development of new magnesium alloy material and sets the tone for the rapid growth of the magnesium industry going forward.

The electronic product business of Group Sense comprises manufacturing business unit, strategic products strategic business unit and personal communications products strategic business unit. Group Sense will continue with product differentiation strategy with a view to develop new customers and effectively manage the cost and optimise the operating performance of its electronic product business.

Both CS Board and GS Board believe that the clearer delineation and different business positioning of CS Group and the GS Group after the Reorganisation will enable a more focused and efficient management of the expanding scale of the fertislizer and magnesium businesses by each of CS Group and GS Group, reinforcing the CS Group and GS Group to become one of the market leaders in the respective industries.

Each of CS Board and GS Board will continue to deliver the growth and development with constant efforts that will move its fertiliser and magnesium operations to the next level so as to create value to the shareholders of Century Sunshine and Group Sense.

By order of the Board	By order of the Board
Century Sunshine Group Holdings Limited	**Group Sense (International) Limited**
Chi Wen Fu	**Shum Sai Chit**
Chairman	*Chairman*

Hong Kong, 30 November 2017

As at the date of this joint announcement, the directors of Century Sunshine are:

Executive directors:	*Mr. Chi Wen Fu, Mr. Shum Sai Chit and Ms. Chi Bi Fen*
Non-executive director:	*Mr. Guo Mengyong*
Independent non-executive directors:	*Mr. Kwong Ping Man, Mr. Sheng Hong and Mr. Lau Chi Kit*

As at the date of this joint announcement, the directors of Group Sense are:

Executive directors:	*Mr. Shum Sai Chit and Ms. Chi Bi Fen*
Non-executive directors:	*Professor Meng Jian and Dr. Tam Wai Ho, Samson JP*
Independent non-executive directors:	*Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit*

* *For identification purpose only.*